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ALLEN'S
FORTY LESSONS
IN
DOUBLE ENTRY
BOOK-KEEPING.



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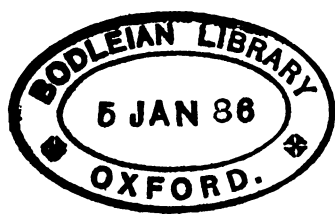


ALLEN'S
FORTY LESSONS
IN PRACTICAL
DOUBLE ENTRY
BOOK-KEEPING,
ARRANGED AS A TEXT BOOK
—FOR USE IN—
GRADED AND HIGH SCHOOLS,
AND AS A BOOK OF REFERENCE FOR
BUSINESS MEN.

BY
GEORGE ALLEN.

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PREFACE.

THE following Lessons have been carefully prepared for the purpose of making the subject of Double Entry Book-keeping plain enough for the comprehension of the average scholar. They have been arranged with special reference to the wants of the Class Room, and with a view to their general use in Graded Schools and Colleges.

A knowledge of the subject of Book-keeping is of great importance to every one, and the education of a child is not complete without some acquaintance with the subject.

The study of Book-keeping has been introduced into the Public Schools of several States; the demand for information on the subject is increasing, and it must ere long form one of the regular studies in every school.

The science and practice of Book-keeping, when properly presented, are no more difficult of comprehension than Mathematics, Grammar, or many other studies in general use, and can be taught in the same manner.

As a training for the mind, the study of Double Entry Book-keeping will be found both profitable and pleasant, and the knowledge obtained will greatly increase the working capacity of either man or woman. Without such knowledge a person cannot be a complete master of his own business.

These Lessons contain the practice of many years of actual experience in mercantile business, and will be found to embrace all the information on the subject of Book-keeping that is usually required in ordinary business life.

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TO TEACHERS.

This work on Book-keeping, makes no claim to novelty or new principles on the subject. It has been prepared for the purpose of bringing a knowledge of Double Entry Book-keeping within the reach of the children and youth in the Public Schools.

Every effort has been made to present the subject in a plain, concise and attractive manner, and to bring it within the comprehension of Pupils of average age and capacity.

The plan of Forty progressive Lessons (commencing with first principles and closing with complicated entries) gives an opportunity to complete the course during the scholastic year, by using one recitation per week.

Questions and answers, running through the Book, and forming a part of each Lesson, will enable the Teacher to fix the leading principles in the mind of the Pupil.

The Author feels confident that the average Teacher, with moderate study, can successfully teach from this Book, and with the judicious use of the Black Board, can teach children of the sixth grade.

Advanced pupils will find no difficulty in understanding the Lessons.

DOUBLE ENTRY BOOK-KEEPING.

LESSON I.

The system of Book keeping in general use among business men is called the Italian Method, from the country of its invention. It is called Double Entry, from the construction of the Ledger, and because each original entry contains a Debit and a Credit of equal amount.

It is of great antiquity. The first treatise on the subject, so far as known, was written and published in Venice in the year 1495. This has been followed by many books on the subject, and mode of Book-keeping; and while there has been much improvement, no material change has been made.

Every work on Book-keeping is based on this foundation principle :

The article, or name, which is received, must be debited or charged, and the article or name given for it must be credited.

WHAT IS RECEIVED MUST DEBTOR BE,
TO WHAT IS GIVEN.

LESSON I.

[CONTINUED.]

Illustration of First Principles.

I sell to James Williams, (or one of the Pupils by name) this Book for One Dollar, and wish to make a record of the sale.

I surrender the Book, which is known as Merchandise ; and I receive in the place of it, the name of James Williams.

The rule under which this entry must be made, says :—
What is received must Debtor be, to what is given.

I receive the name of James Williams, and I give merchandise. The entry is—

JAMES WILLIAMS,	}	Dr. \$1.00
For 1 Book,	{	
To Merchandise,		Cr. \$1.00

Why is James Williams Debited ?

Ans. Because his name is received in the place of the book sold to him, and because he received the value.

Why is Merchandise Credited ?

Ans. Because the Book, or Merchandise is given, and because the Merchandise account furnished the value.

I purchase from Thomas Jackson a book worth One Dollar, and make the following entry :—

MERCHANDISE	Dr. \$1.00	
To Thomas Jackson,	}	
For 1 Book,	{	Cr. \$1.00

In this case Merchandise Account is debited, because it received the value ; and Thomas Jackson is credited, because he furnished the value.

LESSON I.

(CONTINUED.)

QUESTIONS
ILLUSTRATING THE GENERAL PRINCIPLES
—OF—
DOUBLE ENTRY BOOK-KEEPING.

Question 1. What is Book-keeping ?

Ans. Book-keeping is the method of exhibiting, in a clear, concise, and correct manner, the state of a person's business or pecuniary affairs.

2. What is a Book-keeper ?

Ans. A Book-keeper is a person who understands the art of recording Business transactions in a systematic, concise and correct manner.

3. What is the foundation principle of all double entry book-keeping ?

Ans. Every charge or debit, must have a credit of equal amount.

4. What rule is given for this ?

Ans. WHAT IS RECEIVED MUST DEBTOR BE,
TO WHAT IS GIVEN.

The Teacher will find it profitable to use the Black Board, in teaching these lessons, making the pupils do the greater portion of the work.

The pupils should faithfully study each lesson, and be prepared to answer any question that the teacher may ask.

The answers to the series of questions running through the book, must be committed to memory.

LESSON II.

First Principles.

Book-keeping is the art of recording Business transactions in a clear, concise and correct manner.

Every charge or Debit must have a Credit of equal amount.

Understand fully every transaction before making the entry, and apply the Rule—What is received must Dr. be, To what is given.

Debit whatever receives the benefit, be it a person or account.

Credit whatever confers the benefit, be it a person or account.

[Have the above written on the Black Board by the Pupils, in order to impress it upon their memory.]

I lend one of my pupils, Thomas Miller, Five Dollars, and wish to make an entry on my books. It should be written thus—

THOMAS MILLER, Dr. \$5.00

To Cash loaned him, Cr. \$5.00

Why is Miller made the Debtor party in this entry ?

Ans. Because he received the benefit.

Why is cash account credited ?

Ans. Because cash—or the cash account conferred the benefit.

In the above transaction I have parted with cash \$5. and I have received in place of it the name of Thomas Miller, with the right to make him my debtor for that amount. This is called an original entry.

LESSON II.

[CONTINUED.]

Thomas Miller pays me the \$5 which he had borrowed, and a suitable entry must be made.

What has been received ? *Ans.* Cash.

What has been given ?

Ans. The name of Thomas Miller, which had been received in place of the money loaned, has been given up, or returned to him.

If cash has been received, it must form the debit ; and and if Miller's name is given, his account must be credited. The entry will be—

CASH Dr. \$5.00

To Thomas Miller, Cr. \$5.00

Why is cash account debited ?

Ans. Because cash is received, and the cash account receives a benefit.

Why is Thomas Miller credited ?

Ans. Because his name is surrendered, and because he confers the benefit.

Questions Continued.

5. What is an Original Entry ?

Ans. An Original Entry is the record of a business transaction, which may be the purchase or sale of an article of value.

6. How many parties or things must be embraced in an original entry ?

Ans. There must be at least two parties embraced in every entry in Double Entry Book-keeping.

7. By what names are they known ?

Ans. They are known as Debtor and Creditor.

8. What rule is observed in making an original entry ?

Ans. Understand fully the transaction before making the entry. Then debit whatever receives the benefit, and credit whatever confers the benefit.

LESSON III.

A Business Transaction.

I am keeping a store, and sell Mary Wood [or select a pupil] a Hat worth \$1.

This is a business transaction, and must be entered on my books. It involves the name of one person, and a Hat belonging to me. The entry must be made under Rule 4—What is received must Dr. be to what is given.

What is received ?

Ans. The name of Mary Wood.

What is given ?

Ans. A Hat worth \$1.

By what general name are all articles of value known in business ?

Ans. By the name of Merchandise.

The entry will be—

MARY WOOD,	
For 1 Hat,.....Dr.	\$1.00
To Merchandise,	Cr. \$1.00

Why is Mary Wood Debited ?

Ans. Because she received the benefit, and because I have received her name in place of the Hat.

Why is merchandise account Credited ?

Ans. Because merchandise account confers the benefit, by furnishing the Hat.

Mary Wood now pays me for the Hat. What entry must be made ?

<i>Ans.</i> CASH	Dr. \$1.00
To Mary Wood,	Cr. \$1.00

Why is cash account Debited ?

Ans. Because cash account receives the benefit.

Why is Mary Wood credited ?

Ans. Because she confers the benefit.

LESSON III.

[CONTINUED.]

8. What is a Business Transaction ?

Ans. A Business Transaction is the exchange of articles of value or credits.

9. How many parties must there be to every business transaction ?

Ans. There must be at least two parties to every business transaction.

10. By what names are the parties known ?

Ans. They are known as the Debtor and Creditor parties.

11. Which is the Debtor party ?

Ans. The Debtor party is the person who receives the benefit or value.

12. Which is the Creditor party ?

Ans. The Creditor party is the person from whom the value or benefit is received.

13. What are Debits ?

Ans. Debits are entries against Debtors.

14. What are Credits ?

Ans. Credits are entries in favor of Creditors.

15. Must the Debtor always be a person ?

Ans. The Debtor may be either a person or account, as Merchandise, Cash, Interest, Property, Notes, Commission, Expense Account, and any others that are needed.

16. Must the Creditor party always be a person ?

Ans. The same accounts can be either Debtor or Creditor.

17. What rule is given regarding Debits ?

Ans. Debit whatever receives the benefit, be it person or account.

18. What rule is given regarding Credits ?

Ans. Credit whatever confers the benefit, be it person or account.

LESSON IV.

Daily Journal Entries.

I am keeping a store, and purchase from A. M. Baker a carpet worth \$20, and wish to make an entry on my books.

This is a business transaction, involving one person, and one thing, viz : A. M. Baker and a carpet, which is known as merchandise.

Under what rule is this entry made ?

Ans. It is made in accordance with Rule 4—

What is received must Dr. be to what is given.

What was received ?

Ans. A carpet or merchandise.

What account received the benefit ?

Ans. The merchandise account.

What account must be credited ?

Ans. A. M. Baker must be credited.

Why should A. M. Baker's account receive credit for the amount ?

Ans. Because he conferred the benefit, by furnishing the value.

What did I give A. M. Baker ?

Ans. I gave him my name, with the right to charge or debit me with \$20.

What rule is given for crediting the account of A. M. Baker ?

Ans. Credit whoever or whatever confers the benefit.

Merchandise account received the benefit, and A. M. Baker conferred the benefit. The entry will be—

Merchandise for Carpet, Dr. \$20.00

To A. M. Baker, Cr. \$20.00

Why is merchandise account Debited ?

Ans. Because that account received the benefit.

What account conferred the benefit ?

Ans. A. M. Baker conferred the benefit, and therefore must receive credit for the amount.

Debit whatever receives the benefit—

Credit whatever confers the benefit.

LESSON IV.

[CONTINUED.]

If I had paid cash for the carpet, the entry would have been—

Merchandise for Carpet, \$20.00

To Cash [paid A. M. Baker,] Cr. \$20.00

In this case the cash account would have conferred the benefit.

If a note had been given for the carpet, the entry would have been—

Merchandise, for 1 Carpet, \$20.00

To bills payable for my note }
at 30 days to A. M. Baker, } Cr. \$20.00

In this case Bills Payable account would have conferred the benefit.

Questions Continued.

19. What is meant by the term Debtor Party ?

Ans. The Person or Account, which is received in exchange for the article or name parted with, becomes the debtor party.

20. What is meant by the term Creditor ?

Ans. The Person or account which furnishes the value, becomes a Creditor, and is entitled to a credit for the amount furnished.

21. What must every entry contain ?

Ans. Every entry must contain a debit, and a credit of equal amounts.

22. Must an entry be confined to one Debit and one Credit ?

Ans. An entry may contain two or more debits, and as many credits as are needed to record the transaction.

LESSON V.

Daily Journal Entries.

I have sold the carpet, which was debited in the previous lesson, to merchandise account, and desire to make the proper entry. The carpet was sold to Mary L. Allen for \$20 on 30 days time.

This transaction involves one person, and one article.

Which is the Debtor party?

Ans. Mary L. Allen.

Why is she the Debtor party?

Ans. Because she receives the benefit.

Which is the Creditor party?

Ans. Merchandise account.

Why is merchandise account credited?

Ans. Because that account conferred the benefit.

How should the entry be made?

Ans.

MARY L. ALLEN, Dr.

For 1 Carpet, \$20.00

To Merchandise, Cr. \$20.00

By what rule is the above entry made?

Ans. The person who receives the benefit or value, becomes the debtor; and the person or account which furnishes the value becomes Creditor.

If the carpet had been sold for cash, what would be the proper entry?

Ans.

Cash, For 1 Carpet, Dr. \$20.00

To Merchandise, Cr. \$20.00

Why is Cash account Debited?

Ans. Because Cash account receives the benefit.

Why is Merchandise Credited?

Ans. Because Merchandise account confers the benefit

LESSON V.

(CONTINUED.)

QUESTIONS.

23 How do you determine which is the Debtor party ?

Ans. By a careful examination of the transaction, and by finding out which party received the benefit.

24. How do you determine which is the Creditor party ?

Ans. By ascertaining which party conferred the benefit.

25. What is the name of the principal book used in Business records.

Ans. The principal Book is called a Ledger.

26. What is the name of the book in which the original entry is made ?

Ans. The book of original entry is called the Daily Journal.

27. Are any other books used for making original entries ?

Ans. The Sales Book, and Cash Book, are also used as books of original entry.

28. Are any other books used ?

Ans. Yes, several auxiliary books are used, which will be explained hereafter.

NOTE.—The system and practice of Book-keeping taught in these Lessons, are based on the general custom in business, which recognizes the original entries of transactions in the Sales Book, the Cash Book or the Daily Journal (sometimes called Day Book) as being ready to post at once into the Ledger, without the necessity of transferring them through a Journal.

LESSON VI.

Daily Journal Entries.

I purchase from Dail Bros. a Barrel of Flour worth \$7, [which they charge to my account,] and I desire to enter the transaction on my books.

I have received the Flour, or merchandise, and Dail Bros. have furnished the value. I must charge or debit merchandise account, and I must credit Dail Bros.' account. Thus—

Merchandise Dr.

For 1 Bbl. Flour,... \$7.00

To Dail Bros. Cr. \$7.00

Why is merchandise account debited?

Ans. Because merchandise account received the value.

Why are Dail Bros. credited?

Ans. Because they furnished the value.

Under what rule is this entry made?

Ans. Under the rule—Debit whatever receives the value, and credit whatever confers the value.

I now sell this barrel of Flour to Edward Arnold, and desire to make a proper entry.

Arnold receives the benefit, giving me his name, with the right to make him debtor. Merchandise account confers the benefit by furnishing the Flour.

The entry will be—

EDWARD ARNOLD, Dr.

For 1 Barrel Flour, \$7.00

To Merchandise, Cr. \$7.00

Why is Edward Arnold debited?

Ans. Because he receives the benefit.

Why is merchandise account credited?

Ans. Because it confers the benefit.

Every Debit must have a corresponding Credit of equal amount.

LESSON VI.

[CONTINUED.]

QUESTIONS.

29. What is an account?

Ans. An account is a collection of items charged to one person, and showing definite results.

30. What is the object of an account?

Ans. To record our transactions with others, and to correctly show what they owe us, or what we owe them.

31. What are the principal points to be observed in making an original entry?

Ans. Date of transaction, amount involved, names of parties concerned, and date of maturity.

32. Are there any other points?

Ans. All entries should be made in a clear and concise manner, embracing all the circumstances connected with the transaction.

33. Why is it necessary to be so particular?

Ans. Because the original entry must always be relied upon in case of dispute, or as evidence in court.

34. What is the advantage of Double Entry, or debiting and crediting each entry?

Ans. It enables a person to know the state or condition of his affairs, and also enables him to prove the correctness of his books.

NOTE.—The Teacher should endeavor to have the answers to these questions faithfully committed to memory by the pupils; and in order to prove their knowledge of the subject, it will be found desirable to place several pupils at the Black Board, and make them write from memory the answers to the various questions, as the Teacher calls them out. Where there is Black Board room, six or eight pupils can be profitably occupied at once.

LESSON VII.

Commencing Business.

H. S. Allen commences business with capital, consisting of cash \$500, and a stock of Goods, which are worth \$1.000, and desires to open a set of Double Entry Books. In which book shall the original entry be made?

Ans. The entry will be made in the Daily Journal.

What items will form the debits?

Ans. Cash and merchandise.

Why are cash and merchandise debited?

Ans. Because cash and merchandise are received, and because those accounts receive the benefit.

What account will be credited?

Ans. H. S. Allen, who furnished the value.

Is the name of the owner always used as the credit party?

Ans. No; the term Capital Stock is often used.

If cash and merchandise form the debits, and H. S. Allen the credit, we will have the following entry—

Cash for amount invested	{	Dr. \$500.00
in business this day,		
Merchandise as per	{	Dr. \$1.000.00
Invoice Book,		
To H. S. Allen, for amount	{	Cr. \$1.500.00
of Capital Stock,		

Why is cash debited?

Ans. Because cash account receives the benefit.

Why is merchandise account debited?

Ans. Because merchandise account receives a benefit.

Why is H. S. Allen credited?

Ans. Because the business or capital stock belongs to H. S. Allen, and that person [or account] has furnished the value.

H. S. Allen owes Amos Williams an account amounting to One Hundred Dollars. What must be done with it?

Ans. It must be charged or debited to H. S. Allen, and credited to Amos Williams.

LESSON VII.

[CONTINUED.]

Why must it be debited to H. S. Allen?

Ans. Because that person has received the benefit.

Why must it be credited to Amos Williams?

Ans. Because he has conferred the benefit.

In what book must it be entered?

Ans. It must be entered in the Daily Journal.

The entry will be—

H. S. ALLEN,	Dr.	\$100.00	
To Amos Williams,			} Cr. \$100.00
For account due him,			

General Questions.

35. What is meant by the term "Journalizing"?

Ans. It is the condensing and transferring an entry from the Day Book to the Journal.

36. Is the Journal used in practical business?

Ans. The use of a Journal is almost obsolete. It is practically useless, and is seldom found in a merchant's office.

37. What has taken the place of the Journal?

Ans. It is found in actual business, that it is more convenient, and in every way more desirable to make the original entry in proper form at once in a book, known as the Daily Journal, and to post from it to the Ledger.

38. Give some examples of Day Book entries made in Daily Journal style, ready for posting into the Ledger.

Merchandise,	Dr.	\$100.00	
To William Jones,			} Cr. \$100.00
For his Invoice of Flour,			

John Owens,	Dr.	\$24.00	
To Merchandise,			} Cr. \$24.00
For 8 Kegs Nails @ \$3.00			

Bills Receivable	Dr.		} \$50.00
For Samuel Sloan's Note			
at 30 days from April 7,			

To Saml. Sloan to balance account, Cr. \$50.00

LESSON VIII.**Review.**

In the former seven Lessons, the foundation principles of Double Entry Book-keeping have been taught, and a number of rules have been given, for guidance in making original entries.

In this Lesson several business transactions are given, for which the student will be required to write the proper entries on the Black Board, and to explain them. And as it is of equal importance that he shall be able to give a clear statement of a transaction from reading an entry, he must be required to give an explanation of each entry on the opposite page.

1. The teacher, or student who is supposed to own a business, sells a Hat worth \$2, to John Thompson—What entry will be proper, and why?

2. He loans Ten Dollars to Saml. Smith—What entry must be made, and why?

3. He borrows Fifty Dollars from James Williams—What entry, and why?

4. He sells Thomas J. Mitchell 10 Barrels Flour worth \$50. What entry, and why?

5. He commences business with a cash capital of Five Hundred Dollars—What entry?

6. He commences business with cash capital of \$1,000, and a store, which is known as Real Estate or Property, worth \$1,000. What entry?

7. He commences business with cash \$1,000, a store \$500, and a stock of Goods worth \$500. What entry?

8. He purchases 5 Bbls. Sugar worth \$90, from Thos. Gates & Co., for which he pays one-half cash, and agrees to pay the balance in 30 days. What entry, and why?

What directions have been given in regard to making original entries?

Ans. Understand fully every transaction, before making the entry, and apply the rule—

What is received must Dr. be to what is given.

Remember, also, that every charge or debit must have a credit of equal amount.

LESSON VIII.

[CONTINUED.]

NEWBERN, N. C., JUNE 1, 1885.

Dr. Cr.

No. 9	JAS. JONES. For 1 pr. Shoes	Dr. \$ 3 00	
	To Merchandise,		3 00
" 10	CHARLES BLACK	Dr. 6 00	
	To Cash,		6 00
" 11	Merchandise	Dr. 100 00	
	To WILLIAMS & JOHNSON, {		100 00
	For 20 Bbls. Flour, }		
" 12	Cash	Dr. 50 00	
	To THOMAS SLOAN on acct.,		50 00
" 13	Cash	Dr. 9 80	
	To JAMES IVES to bal. acct.,		9 80
" 14	Cash	Dr. 200 00	
	To H. S. ALLEN		
	For amount invested in business,		200 00
" 15	Cash, For Cash Capital	Dr. 500 00	
	Merchandise for Goods } on hand as per Inventory }	Dr. 400 00	
	To PRICE THOMAS,		
	For Capital invested in business this day,		900 00
" 16	Cash, For Cash Capital,	Dr. 500 00	
	Merchandise, } For 50 Bbls. Flour }	Dr. 250 00	
	Property for Store Building	Dr. 400 00	
	To HARRY V. ALLEN,		
	For Capital invested in business this day,		1.150 00

LESSON IX.

Daily Journal.

NEWBERN, N. C., JUNE 15, 1885.

Dr. Cr.

6	Merchandise	Dr.	200 00	
34	To COLLINS & Co.,			
	For Invoice June 10, 1885.			200 00

What is the Daily Journal ?

Ans. The Daily Journal is the book in which the original entry is made.

How is the Daily Journal ruled ?

Ans. Double horizontal lines near the top of page ; Two vertical lines near the left hand edge ; Double columns for Dollars and Cents, near the right hand edge of page, all ruled in red.

What is written at the top of the page ?

Ans. The place of business, the State, and the date.

What are the left hand columns used for ?

Ans. To enter the pages of the Ledger, in which the various entries are posted.

For what purpose is the large central column used ?

Ans. To write the business entry.

What is the use of the next two columns ?

Ans. To enter the Debit amount in Dollars and Cents.

What are the two outside columns used for ?

Ans. To enter the Credit amounts in Dollars and Cents.

LESSON IX.

[CONTINUED.]

Daily Journal Entries Illustrated.

I purchase from Collins & Co., of New York, an Invoice of Goods dated June 10th, 1885, amounting to \$200. My entry will be—

Merchandise	Dr. \$200.00	
To Collins & Co.		} Cr. \$200.00
For Invoice June 10th.		

I afterwards give my note to Collins & Co. in settlement of the account. My entry in the Daily Journal will be :—

COLLINS & Co.	Dr. \$200.00	
To Bills Payable,		} Cr. \$200.00
For my note at 60 days, from		
June 15, payable at National Bank of Newbern,		

QUESTIONS CONTINUED.

39. For what purpose is the Daily Journal used ?

Ans. The Daily Journal is used to record business transactions, in the order in which they occur, and it is the principal book in which original entries are made.

40. What entries in ordinary business, are usually made in the Daily Journal ?

Ans. All entries that are neither the sale of merchandise, or entries involving cash transactions.

41. Cannot such entries be made in the Daily Journal ?

Ans. They can be made in this book, but it is found more convenient to enter sales of merchandise in a separate book, which is known as the *Sales Book*, and to enter all cash transactions in a book, known as the *Cash Book*. These books will be explained in future lessons.

LESSON X.**Daily Journal Illustrated.**

The Teacher will draw on the Black Board a Daily Journal page, and require each pupil to draw the same on his slate.

Question the pupils in regard to the various columns, and their uses, until they become familiar with the page.

Allen Johnson commenced business with Cash \$1,000, an old stock of Goods valued at \$3,000, and a Note against Thomas Guion due January 1st, 1886 for \$500, and he desires to open a set of Double Entry Books. The entry will be—

Sundries	Dr.	
Cash for amount invested,	\$1,000.	
Merchandise for old Stock,	}	
See Inventory Book,	{ 3,000.	
Bills Receivable for Note,	}	
given by Thomas Guion,	{	
due January 1st, 1886,	{ 500.	
To Allen Johnson,	}	
For amount of capital stock	{	
invested in business,	{ Cr. \$4,500.	

What is the above entry called?

Ans. The Opening Entry.

What does the entry show?

Ans. The entry shows the amount of capital stock invested in the business.

Of what is the capital stock composed?

Ans. The capital stock is composed of cash, merchandise and bills receivable.

In what Book is the entry made?

Ans. It is made in the Daily Journal.

Why are cash, merchandise and bills receivable made the Debtor parties?

Ans. Because each account receives a benefit.

LESSON X.

[CONTINUED.]

What can properly be charged to Bills Receivable account?

Ans. Only Notes or Drafts due by others, can properly be debited to the Bills Receivable account.

What can properly be credited to Bills Receivable account?

Ans. When a Note or Draft is collected, the amount received is a proper credit to Bills Receivable account.

Why is the total amount of Cash, Merchandise and Bills Receivable credited to Allen Johnson?

Ans. Because Allen Johnson furnished the value, and thereby conferred the benefit.

What rule is given for the above entry?

Ans. What is received must Dr. be to what is given.

Questions Continued.

42. What should be the first entry, in opening a set of Books?

Ans. The opening entry should credit the owner of the business with the amount of capital invested, and debit the proper accounts with each item.

43. What should be the second entry?

Ans. The second entry should debit the owner of the business with any debts due by him, and credit the proper parties with the several amounts.

44. What do these two entries exhibit?

Ans. These opening entries are a record of the resources and liabilities, and the difference between the two amounts shows the net capital invested in the business.

LESSON XI.

Opening Entries---Commencing Business.

William Adams commences business with the following assets, and desires to open a set of Double Entry Books :

Merchandise \$1.500, cash \$500, a note given by James Ives, due at 60 days from date, \$400, and an account against John A. Sloan, \$25.

What accounts must be debited, and why ?

Ans. Merchandise, Cash, Bills Receivable and John A. Sloan. Because these accounts each receive a benefit, for which they must become responsible.

What account must be credited ?

Ans. William Adams, who is the owner of the business.

How many debits or credits can an entry contain ?

Ans. An entry can contain as many debits or credits as there are items or accounts involved in the transaction.

How must this entry be made ?

Merchandise For stock of)

Goods as per Inventory, { Dr. \$1.500.00

Cash for money invested, Dr. 500.00

Bills Receivable for note)

due me by James Ives at { Dr. 400.00
60 days from June 1, 1885, }

John A. Sloan for an ac-)

count due by him, { Dr. 25.00

To William Adams,

For capital stock invested in } Cr. \$2.425.00
business this day, }

William Adams owes several debts, which also must be entered on the books.

To Fredk. Thomas an account, \$ 50.00

To John Dunn an account, 25.00

And a note to the National Bank of)

Newbern due 90 days from date, { 200.00

What account must be debited, and why ?

Ans. William Adams, or the owner of the business, must be debited, because that person has received the benefit.

LESSON XI.

[CONTINUED.]

What accounts must be credited, and why?

Ans. Fredk. Thomas, John Dunn and Bills Payable.

Because they have each conferred a benefit.

Why is the note called Bills Payable?

Ans. Because that term is applied to all notes and drafts due to others.

The entry in the Daily Journal will be—

William Adams,	Dr. \$275.00	
To Fredk. Thomas, for amount of account due him,		Cr. \$50.00
To John Dunn, for amount of account due him,		Cr. 25.00
To Bills Payable for amt. of my note at 90 days from June 1, to Nat. Bank of Newbern, as per Bills Payable Book,		Cr. 200.00

By what rule do you credit the owner of the business with the merchandise, cash, note and account invested in the business; and then charge the same account with what is owing by the owner?

Ans. The owner of the business must be credited with the total amount of property of every kind, invested in the business, and must be debited with the total amount of debts owing at the time.

QUESTIONS CONTINUED.

45. What is meant by the term Bills Receivable?

Ans. All Notes and Drafts that are due to a person by others, are called Bills Receivable.

46. What is meant by Bills Payable?

Ans. All Notes and Drafts, due by a person to others, are called Bills Payable.

LESSON XII.

Purchase of Merchandise.

Having opened a set of books, I purchase an invoice of merchandise from

Baker Bros., dated June 10th,	\$250.00
William Black, " " "	140.00

Under Rule 4—What is received must Dr. be to what is given, the following entry is proper:—

Merchandise,	Dr. \$390.00	
To Baker Bros. for Invoice of		
Goods, June 10, at 60 days,		Cr. \$250.00
To William Black, for In-		
voice. June 12, at 30 days,		Cr. 140.00
see Invoice Book,		

Baker Bros. write and request a note for the amount, which is given, and the following entry is made:—

BAKER BROS.	Dr. \$250.00	
To bills payable, for my note due		
Aug. 10, payable at Nat. Bank		
of Newbern. (See bills payable		Cr. \$250.00
Book,)		

Why is Baker Bros. account debited?

Ans. Because that account receives a benefit, which is conferred by Bills Payable account.

Why is Bills Payable account credited?

Ans. Because this account has conferred a benefit by giving the note, and because it is proper to credit Bills Payable account with all notes and acceptances that are given.

In the above transaction the name Baker Bros. is received in place of the note given, which cancels the credit to Baker Bros., and transfers the credit to the Bills Payable account.

LESSON XII.

[CONTINUED.]

At the end of 60 days I pay the note, which had been given to Baker Bros., and make the following entry :—

Bills Payable	Dr. \$250.00	
To Cash, for amount paid note	}	
to Baker Bros.,	}	Cr. \$250.00

Why is Bills Payable account debited ?

Ans. Because this account has received a benefit, by obtaining possession of the note, and because it is proper to debit Bills Payable account with all notes that are paid and cancelled.

Under what rule is the amount credited to cash account ?

Ans. Debit cash account for all cash receipts, and credit cash account for all payments of cash.

QUESTIONS.

47. What record is made of the purchase of merchandise ?

Ans. Merchandise account must be debited for every Invoice of Goods ; and the party from whom they were purchased, must be credited with the amount.

48. If the purchase of merchandise is made for cash, what is the proper entry ?

Ans. The merchandise account must be debited, and the cash account must be credited.

49. What rule governs the Bills Receivable account ?

Ans. Debit Bills Receivable account for all notes that are received, and credit the same account for each note that is paid and surrendered.

50. What rule governs the Bills Payable account ?

Ans. Credit Bills Payable account for each note that is given ; and debit the same account for each note that is paid and received.

LESSON XIII.**Bills Receivable and Interest.**

I sell a bill of Goods to Amos Williams amounting to Four Hundred Dollars, for which I take his note at 60 days from June 15th, payable at the National Bank, and desire to make a suitable entry.

What account must be debited ?

Ans. Bills Receivable account must be debited.

Why is Bills Receivable account debited ?

Ans. Because the Bills Receivable account receives a benefit by obtaining possession of the note.

What account must be credited ?

Ans. Merchandise account must be credited ?

Why is merchandise account credited ?

Ans. Because the merchandise account confers the benefit, by delivering the goods.

The entry should be as follows :—

Bills Receivable	Dr. \$400.00	
For note of Amos Williams)		
at 60 days from June 15th,)		
payable at National Bank,)		
To Merchandise,)		
For Goods sold this day,)		Cr. \$400.00

I am not willing to wait 60 days for the money, and I get the National Bank to discount the note of Amos Williams, for which they charge eight dollars, giving me \$392 in cash. A proper entry must be made on my books.

What other name is used for Discount ?

Ans. The Interest account, usually embraces both discount and interest.

Under what rule is the eight dollars charged to Interest account ?

Ans. Interest account becomes debtor for all items paid for interest, and it must be credited with all amounts received for interest.

LESSON XIII.

[CONTINUED.]

What is received in place of the note ?

Ans. Cash, and Interest account debit.

If cash and interest form the debits, what account must be credited ?

Ans. Bills Receivable account, because that account conferred the benefit, by surrendering the note.

The entry will be as follows :—

Cash, For net amount re-	}	Dr. \$392.00
ceived from Nat. Bank.		
for Amos Williams' note		
Interest for Bank Discount	Dr.	8.00
To Bills Receivable,	}	Cr. \$400.00
for Amos Williams' note		
discounted at Bank,		

If the note had been paid at maturity, the proper entry would have been—

Cash,	Dr. \$400.	
To Bills Receivable,	}	Cr. \$400.
For Amos Williams' note paid		
this day,		

QUESTIONS CONTINUED.

51. What can properly be charged or debited to Interest account ?

Ans. Every payment of cash, or other benefit, given for interest or discount must be charged to Interest account.

52. What can properly be credited to Interest account ?

Ans. Every benefit received for interest or discount must be credited to Interest account.

NOTE.—When dealing with Interest Account, you must remember that you do not receive *interest*, but that you receive *cash* for interest, and that you pay out *cash* for interest. Therefore you enter, Cash Dr. To Interest, when interest is received, and enter Interest Dr. To Cash, when you pay interest.

LESSON XIV.

Bills Payable and Discount.

I have purchased from J. V. Williams one hundred barrels Flour at \$5 per barrel, and have given him my note at 30 days from July 1, payable at National Bank \$500, and desire to make a proper entry.

What is received? *Ans.* Flour, or merchandise.

What is given? *Ans.* My note, or Bills Payable.

If merchandise is received, and Bills Payable is given the entry will be—

Merchandise	Dr. \$500.00	
For 100 Bbls. Flour as per	{	
invoice,		
To Bills Payable for my note	{	
to J. V. Williams at 30 days		
from July 1, payable at Nat. Bk.		Cr. \$500.00

Why is merchandise account debited?

Ans. Because merchandise account receives a benefit.

Why is Bills Payable account credited?

Ans. Because the Bills Payable account confers a benefit.

After 15 days, J. V. Williams offers me a discount of one per cent, if I will pay the note, instead of waiting the full 30 days. I therefore pay him \$495, and take up the note, and desire to make a suitable entry.

What rule has been given regarding Discount and Interest?

Ans. Debit Interest account for all interest payments, and credit Interest account for all interest receipts or benefits.

What account must be debited?

Ans. Bills Payable account must be debited, because my note, or Bill Payable, is received.

LESSON XIV.

[CONTINUED.]

What accounts are credited?

Ans. Cash account is credited for \$495 paid, and Interest account is credited for the \$5 discount.

Why is cash account credited?

Ans. Because cash account conferred a benefit, by furnishing the money.

Why is the Interest account credited?

Ans. Because the Interest account conferred a benefit by assisting cash account to pay the note, and it must therefore receive credit for the amount, under the rule, —Credit Interest account with all interest benefits.—

The entry will be—

Bills Payable, for my note to J. V. Williams, paid and cancelled,	} Dr. \$500.00
To Cash	
To Interest for 1 per ct. discount	Cr. \$495.00
	Cr. 5.00

QUESTIONS CONTINUED.

53. Why is Bills Payable credited in Lesson XIV, instead of the party from whom the Flour was purchased?

Ans. Because a note was given for the purchase, which made the debt due to Bills Payable account, and under the rule governing Bills Payable account—

When a note is given it must be credited to that account.

54. Why is Bills Payable account debited in the last entry of Lesson XIV?

Ans. Because the note has been received, paid and cancelled, and under the rule governing Bills Payable account, it must be charged to that account.

55. What must be done with Interest and Discount benefits or receipts?

Ans. All Interest benefits must be credited to Interest account.

LESSON XV.

Draft and Discount.

I have sold A. Gordon a bill of Goods amounting to \$100, for which he has given me a draft at 60 days on Rountree & Co. What entry should be made ?

What is received for the Goods ?

Ans. A Draft, which is known as Bills Receivable.

What is given ?

Ans. Merchandise.

The entry will therefore be—

Bills Receivable,	Dr. \$100.00
For A. Gordon's draft at	
60 days on Rountree & Co. }	
dated July 15th,	
To Merchandise for sale,	Cr. \$100.00

Why is Bills Receivable account debited ?

Ans. Because Bills Receivable account receives the benefit.

I request Rountree & Co. to discount the draft instead of waiting 60 days. They deduct the discount, and send me \$98. What entry will be proper ?

What has been received in place of the Draft ?

Ans. Cash \$98, and the right to debit Interest account with the discount \$2.

What authority is given for debiting Interest account ?

Ans. Debit Interest account for all payments or allowances for interest or discount.

What has been given ?

Ans. The Draft, which is known as Bills Receivable.

The entry will be—

Cash, For net proceeds,	Dr. \$98.00
Interest For 60 days discount,	2.00
To Bills Receivable,	
For draft of Amos Gordon on	} Cr. \$100.00
Rountree & Co., discounted this day,	

LESSON XV.

[CONTINUED.]

Why is Cash account debited?

Ans. Because Cash account has received a benefit.

Why is Bills Receivable account credited?

Ans. Because Bills Receivable account has conferred the benefit, by a surrender of the draft.

If the draft had been accepted by Rountree & Co., and paid in full at maturity, the entry would have been—

Cash,	Dr. \$100.00	
To Bills Receivable,		
For am't. of A. Gordon's draft	}	Cr. \$100.00
on Rountree & Co. pd. this day		

If the draft had been written with interest from date at 6 per cent per annum, the collection would have been \$101, and the entry would have been—

Cash,	Dr. \$101.00	
To Bills Receivable, for amount of	}	Cr. \$100.00
A. Gordon's draft on Rountree & Co.		
at 60 days, paid this day,		
To Interest on Draft,		1.00

QUESTIONS CONTINUED.

56. Why was Bills Receivable account debited in Lesson XV, instead of debiting the party to whom the goods were sold?

Ans. Because a draft was taken, which made the Bills Receivable account responsible for the debt.

57. Why is Bills Receivable account credited in the second entry in Lesson XV?

Ans. Because the draft has been surrendered for the consideration of Cash and Interest.

LESSON XVI.**Review.**

1. What has been taught in the last seven Lessons ?

Ans. Original Entries in the Daily Journal.

2. How is the Daily Journal ruled ?

See Lesson IX. Have it illustrated on Black Board.

3. The Teacher or Student is conducting a business, and purchases an Invoice of Goods from William Thompson & Co., amounting to \$100.

What entry will be proper, and why ?

4. I purchase an Invoice of Goods from Collins & Co., and give them my note for the amount, \$150, at 60 days from date—What entry, and why ?

5. I pay William Thompson & Co. the amount due them, \$100—What entry, and why ?

6. I pay the note to Collins & Co., \$150. What entry ?

7. I commence business with capital consisting of cash \$500, a store \$1,000, a note against Wm. Jackson \$100, an account against John Jones \$40, 10 Bbls. Pork worth \$150. What entry, and why ?

8. I have my own note at 30 days discounted at Bank for \$100, and receive \$99. What entry, and why ?

9. I loan Edward S. Vass Fifty Dollars, and take his note at 6 months. What entry ?

10. Edward S. Vass pays me the note \$50, and six months interest \$2. What entry, and why ?

11. I purchase a city Lot \$500, for which I give a note that I hold against William Evans, due November 1, \$350, and cash \$150. What entry, and why ?

12. I sell the Lot and receive cash \$400, and Samuel Sloan's note for \$100. What entry, and why ?

LESSON XVI.

[CONTINUED.]

NEWBERN, N. C., JULY 1, 1885.

No. 13	Merchandise To HOYT BROS. for Invoice July 1,	Dr.	\$ 50 00	50 00
" 14	DAN TALMAGE'S SONS. To Rice Account, for sale 187 Bushels Rice @ \$1,	Dr.	187 00	187 00
" 15	Expense Account To FRANCIS & LOUTRELL, For Invoice Blank Books July 1,	Dr.	49 00	49 00
" 16	Interest To ALEX. WILLIAMS, For Interest due on my note,	Dr.	16 00	16 00
" 17	Cash, To Interest for amount received for coupons on N. C. Bonds,	Dr.	80 00	80 00
" 18	GEORGE PETERS & CO., To Importers & Traders Bank, For check No. 2835 to bal. acct.,	Dr.	94 75	94 75
" 19	JAMES HUMPHREY, To Interest for 4 months, on his account to date,	Dr.	10 50	10 50
" 20	BILLS RECEIVABLE, For note of Wm. Pope, dated June 30, at 60 days from date, To WILLIAM POPE, to balance account,	Dr.	60 00	60 00
" 21	PROPERTY, To Merchandise, For 1000 Brick used in Repairs of Stores,	Dr.	10 00	10 00
" 22	EXPENSE, To National Bank for check No. 640, to O. D. Line for freight this day,	Dr.	24 00	24 00
" 23	PROPERTY, For Purchase of Dwelling, To Bills Payable, for my note to Thos. Smith, dated July 10, 1885, at 6 months with interest from date, at 6 per cent,	Dr.	450 00	450 00
" 24	BILLS PAYABLE, For my note to Thos. Smith paid this day, Interest, for 6 months interest, To Cash,	Dr.	450 00 13 50	463 50

LESSON XVII.

The Ledger.

Dr.					Cr.				

1. How is the Ledger page or folio ruled ?

Ans. Double red line near the top of page.

2. What other lines ?

Ans. Double verticle lines from near the top to the bottom, in center of page, dividing it into two equal parts for Dr. and Credit. Two red lines near left hand edge. Three columns near the center of page, and similar lines on right hand or Credit side of page.

3. What is written at the top of the page,

Ans. The name of the account, with Dr. at the left hand, and Cr. at the right hand side of the page.

4. What is the use of the two left hand columns ?

Ans. To enter the date of the entry or transaction.

5. For what purpose is the large central column used ?

Ans. To write the entry, which has been brought from the book of original entry.

6. What is the next column used for ?

Ans. To enter the page of the book, in which the original entry was made.

7. What is entered in the next column ?

Ans. The Dr. amount in dollars and cents.

8. Which is the Dr. side of the page ?

Ans. The left hand side is Dr.

9. Which is the Cr. side of the page ?

Ans. The right hand side is Cr.

10. What are the right hand columns used for ?

Ans. To make the credit entries in the same manner, as the Dr. entries.

LESSON XVII.

(CONTINUED.)

GENERAL QUESTIONS.

No. 58. What is a Ledger?

Ans. The Ledger is the merchants most important book. All the entries and details from the subordinate books are gathered into this book in a compact form, an examination of which will show the true condition of the business.

59. What does the term posting mean?

Ans. Posting is the transferring of entries from the Daily Journal, Sales Book or Cash Book, to the proper account in the Ledger.

60. How often should the books be posted?

Ans. A systematic Book-keeper should post his books every day, commencing with the Cash Book, Daily Journal and finally the Sales Book.

61. What sign is used to show that an entry has been posted?

Ans. When an entry is posted to the proper Ledger page (or folio) the number of the Ledger page must be placed opposite the entry in the left hand column of the book of original entry.

62. How do you show, in the Ledger, the page of the book of original entry from which you have posted the entry?

Ans. By placing in the narrow column at the left of the dollar column in the Ledger, the number of the page from which the entry was taken.

63. What is the first rule in posting?

Ans. Understand fully the entry, then carefully post the various items to the proper accounts, and on the correct side of the account.

64. What other rule is given?

Ans. Transfer carefully and correctly, each figure of the date, page and amount to the Ledger.

LESSON XVIII.**The Ledger.**

The Teacher will have one of the Pupils rule on the Black Board, a Ledger Page ; also a Daily Journal Page on the right hand side of it, in which to make the original entries, to be posted in the Ledger.

Rules for Opening a Ledger.

As far as practicable, it will be found more convenient to use the first part of the Ledger for the Capital Stock, Merchandise, Cash, Expense, Profit and Loss, Bills Receivable, Bills Payable, and similar accounts.

Use blotting pads on each entry.

Never allow a blot on the Ledger.

Avoid erasures and alterations.

Remember, that every debit must have a credit.

Carefully put each item, in the proper place.

In opening an account, be very careful to enter the name in the Ledger Index.

Great care must be used in posting. Be sure to place the amount under the right account, on the proper side of the account, and to correctly transfer each figure.

EXAMPLE.

I purchase from Amos Williams 10 barrels of Flour worth \$50, and give my note at 30 days.

Make the proper entry on the Black Board, in the Daily Journal page, and post it to the proper accounts in the Ledger.

The entry will be—

Merchandise for Invoice Flour Dr. \$50.00

To Bills Payable for my note to Amos }

Williams at 30 days from July 13, } Cr. \$50.00

At the end of 30 days I pay the note to Amos Williams. Make the entry on the Board and post to the proper accounts in the Ledger.

Bills Payable for am't. paid }

my note to Amos Williams, } Dr. \$50.00

To Cash

Cr. \$50.00

LESSON XVIII.

[CONTINUED.]

On which side of the Merchandise account is the first entry posted—why and how?

Ans. On the left hand, or debit side, because merchandise is the debtor party—To Bills Payable.

On which side of the Bills Payable account is the first entry posted—why and how?

Ans. On the right hand, or credit side, because Bills Payable is the creditor party—By Merchandise.

On which side of Bills Payable account is the second entry posted—why and how?

Ans. On the left hand or debtor side, because Bills Payable is the debtor party—To Cash.

On which side of Cash account is the entry posted—why and how?

Ans. On the right hand or credit side, because cash having furnished the money is the creditor party—By Bills Payable.

How are these entries written in the Ledger?

<i>Ans.</i> —To Bills Payable,	By Merchandise.
To Cash,	By Bills Payable.

GENERAL QUESTIONS.

65. How is a debit entry made in the Ledger?

Ans. To Merchandise, To Cash, To Bills Payable, or To whatever the entry is debtor to.

66. How is a credit entry made in the Ledger?

Ans. By Cash, By Merchandise, &c.

67. How is a Ledger page ruled?

Ans. A Ledger page is divided into two equal parts, from top to bottom.

68. What are the two sides called?

Ans. The debit side, and the credit side?

69. Which is the debit side?

Ans. The left hand side, is the debit side.

70. Which is the credit side?

Ans. The right hand side, is the credit side.

LESSON XIX.**Posting the Ledger.**

The Teacher will draw, (or have drawn) on the Black Board a Daily Journal page, in which to make the original entries, also two Ledger pages, which can be divided by lines drawn across, giving room for four accounts.

Examples for Entries and Posting.

1. I sell to John Jones 50 yards Alpacca worth \$25.
2. I purchase for Cash, an Invoice of Goods from David Scott, amounting to \$200.
3. John Jones pays me \$20 on account.
4. I purchase from Thomas Moore, an Invoice of Goods on 30 days time, \$150.
5. I pay Thomas Moore amount due him \$150.

NEWBERN, N. C., JULY, 1885.

John Jones for 50 yds. Alpacca @ 50c.	Dr.	25 00	
To Merchandise,			25 00
Merchandise	Dr.	200 00	
To Cash paid David Scott for Invoice,			20 00
Cash	Dr.	20 00	
To John Jones, on account,			20 00
Merchandise	Dr.	150 00	
To Thomas Moore, for Invoice, 30 days,			150 00
Thomas Moore	Dr.	150 00	
To Cash paid him in full,			150 00

1st Transaction.

Why is John Jones debited ?

On which side of Jones' account in the Ledger must the entry be posted ?

How is the entry in the Ledger written ?

Ans. To merchandise.

Why is the merchandise account credited ?

On which side of the merchandise account is the entry posted ?

How is the entry in the Ledger written ?

Ans. By John Jones.

LESSON XIX.

[CONTINUED.]

2nd Transaction.

Why is merchandise account debited for purchase from Scott?

How is the entry written in the Ledger?

Ans. To Cash.

Why is Cash account credited?

How is the entry written in the Ledger?

Ans. By Merchandise.

3rd Transaction.

On which side of Cash Account is this entry posted?

How is the Ledger entry written?

Ans. To John Jones.

How is the Ledger entry written in Jones' account?

Ans. By Cash.

On which side of Jones' account is the entry posted?

4th Transaction.

How is this entry written in the merchandise account?

Ans. To Thomas Moore.

How is it written in Moore's account?

Ans. By merchandise.

5th Transaction.

How is this entry written in Moore's account?

Ans. To Cash.

How is it written in the Ledger Cash Account?

Ans. By Thomas Moore.

GENERAL QUESTIONS.

71. How is a Ledger entry made?

Ans. Every Ledger entry is made in the name of an account. An entry—Merchandise Dr. To Cash—will be posted in the Merchandise Account, To CASH—and in the Cash Account—BY MERCHANDISE.

72. What is the proper position of the books on the desk?

Ans. Place the Ledger on the left hand end of the desk, and the other books on the right hand.

LESSON XX.

Balancing the Ledger.

Dr.				MERCHANDISE.				Cr.			
1885.				1885.				1885.			
June 10	To bal. from Led. A	14	250	00	June 31	By Cash Sales,	19	420	00		
	" Cash	46	400	00		" John Mason,	50	90	00		
	" Jos. Green,	49	50	00		" L. S. Wood,	51	100	00		
						Bal. to new acct.		90	00		
			700	00				700	00		
1885.											
July 1	To bal. brot. down		90	00							

The teacher will instruct the pupils how to draw a Ledger page on the Black Board and how to draw balancing lines.

Also, place several pupils at the Board, let them draw Ledger pages, make the following entries, and balance the accounts.

Dr.		JAMES OSBORN,		Cr.	
To Merchandise	\$200.00	By Cash	\$160.00		
		" Bills Receivable	40.00		

Dr.		SAMUEL THOMPSON,		Cr.	
To Cash	\$100.00	By Merchandise	\$ 50.00		
		" Bills Payable	50.00		

Dr.		JOHN JACKSON,		Cr.	
To Merchandise	\$10.00	By Cash	\$16.00		
Do	14.00	" Do	40.00		
Do	45.00	" balance to new acct.	13.00		

To balance from old acct. 13.00

Dr.		WILLIAM BLACK,		Cr.	
To Cash	\$100.00	By Merchandise	\$200.00		
" Bills Payable	75.00				
" balance to new acct.	25.00				
		By balance brot. down,	25.00		

Dr.		RICHARD BERRY,		Cr.	
To Balance from Folio 10	\$26.00	By Merchandise	\$14.00		
" Merchandise	6.00	" Cash	16.00		
" Do	8.00	" Merchandise	13.00		
" Balance to new acct.	3.00				
		By Balance brought down	3.00		

LESSON XX.

[CONTINUED.]

Balances.—(A mem. of the balance to the Dr. or Cr. of each account)—are usually taken from the Ledger at the close of each month, and entered in a book kept for the purpose. This enables the owner of the business to see the condition of his account with each person. When taking this monthly balance it is not necessary, nor desirable to draw the balancing lines on the Ledger.

An account should be closed and balanced, whenever it is paid in full. When a settlement is obtained, carry the balance, if any, to new account.

Use red ink for ruling balance lines.

When an account is transferred from one page to another, enter the page to which the balance has been carried, also the page from which it has been brought.

Thus: By Balance to Folio 40, \$18.40.
And commence the new account.

To Balance from Folio 16, \$18.40.

If the account is carried from one Ledger to another, enter thus:

By Balance to Ledger B, Folio 84, \$46.00.
And in the new Ledger enter

To Balance from Ledger A, Folio 47, \$46.00.

GENERAL QUESTIONS.

73. When should an account be balanced?

Ans. An account should be balanced whenever it is paid in full, or whenever a settlement is effected.

74. At what other times should accounts on the Ledger be balanced?

Ans. Accounts are usually balanced on the Ledger, on the first day of January and July, and the balance amount carried to new account.

75. When an account has more Debits, than Credits, how is it balanced?

Ans. By entering on the Credit side of the account an amount sufficient to make it balance, and carrying that amount to the Dr. side of the new account.

76. When an account has more Credits than Debits, how is it balanced?

Ans. By entering on the Dr. side of the account an amount sufficient to make it balance, and carrying that amount to the Cr. side of the new account.

LESSON XXI.

Partnership Accounts.

Thomas Jones and Amos Williams form a partnership this day, each agreeing to contribute a certain amount of capital and to share equally in the profits of the business.

Thomas Jones invests Cash, \$1,000.

And Merchandise valued at \$500.

Amos Williams invests Cash, \$800.

And a store house worth \$700.

They desire to open a set of Double Entry Books, under what rule must the entry be made?

Ans. Charge or debit the proper accounts, with the assets, or capital invested, and credit the same to the parties who furnished the amounts.

Of what is the capital composed?

Ans. Cash, Merchandise and Property, and these accounts must be debited.

What accounts are credited?

Ans. Thomas Jones and Amos Williams.

Why are they credited?

Ans. Because they furnished the values, and are therefore entitled to the credits. The entries will be:

Sundries, Dr.

Cash, For amount invested, \$1,000.

Merchandise for Goods }
contributed to Capital Stock, { 500.

To Thomas Jones, for amount in- }
vested by him, in business as }
partner with Amos Williams, } Cr. \$1,500.

Sundries, Dr.

Cash, For amount invested, \$800.

Property for Store House, 700.

To Amos Williams for amount }
invested by him in business }
as partner with Thos. Jones. } Cr. \$1,500.

Why are Cash, Merchandise and Property (or Real Estate) accounts debited?

Ans. Because these accounts have each received value, for which they are held accountable to the owners of the business.

LESSON XXI.

[CONTINUED.]

GENERAL QUESTIONS.

77. How are partnership accounts kept?

Ans. Partnership accounts are kept exactly as other accounts. Each partner is credited with what the business owes him, and he is debited with what he owes the business. A partner is debited with whatever he draws from the business, and he is credited with any additions that he may make to his capital in the business.

78. If one partner draws Merchandise from the business what entry will be proper?

Ans. Thomas Jones, Dr.
 To Merchandise, Cr.

79. If one partner adds to his capital in the business what entry will be proper?

Ans. Cash Dr.
 To Amos Williams, Cr.

80. If a partner owes a debt and pays it from the partnership Cash, what entry is proper?

Ans. The partner is debited and Cash Account is credited for amount paid.

81. If one partner owes a debt and gives a note signed by the Firm for the amount, what entry will be proper?

Ans. Amos Williams, for amount }
 due by him to Howard & Jones, } Dr.
 To Bills payable for our note, }
 at sixty days, from July 1st, } Cr.

82. If one partner sold a piece of his own property, receiving a note for the amount, which he desired to invest in the business, what entry will be proper.

Ans. Bills receivable for note of }
 Thomas Brown dated July 5th, } Dr.
 payable 6 months after date, }
 To Thomas Jones, for amount added }
 to his interest in business, } Cr.

LESSON XXII.

Partnership Accounts.

In the last lesson, an example was given, showing how to make the opening entry for Partnership business for two or more partners. In this lesson will be found entries which will naturally occur during the progress of business, involving the interests of partners.

Thomas Jones makes a purchase for his own use and draws \$50. The following entry will be proper :

Thomas Jones,.....Dr. \$50.00.

To Cash pd. for Furniture,... Cr. \$50.00.

Amos Williams takes from the Stock, Family Supplies and makes the following entry :

Amos Williams,Dr. \$25.00.

To Merchandise for Flour, &c., Cr. \$25.00.

Thomas Jones comes into possession of One Hundred Dollars, which he desires to add to his Capital in business, and makes the entry :

CASH,Dr. \$100.00.

To Thomas Jones,.....Cr. \$100.00.

Amos Williams owns a warehouse which he sells to the Firm of Jones & Williams for \$300, and makes an entry in the Daily Journal as follows :

Property for Warehouse, Dr. \$300.00,

To Amos Williams,.....Cr. \$300.00.

Under the terms of partnership either party was to receive interest at the rate of 6 per ct. per annum, on any excess of Capital, owned by him in the business. At the end of the year it was found that Amos Williams had drawn out more than Thos. Jones, and that Jones' average credit in business exceeded Williams' by \$400. Either of the following entries would be proper :

Interest Account,Dr. \$24.00.

To Thomas Jones, for Interest on	}	Cr. \$24.00.
his excess of Capital in business,		
\$400, at 6 per cent.		

Or, if preferred, Interest can be debited for the whole amount, and each partner receive credit for Interest on his entire amount invested in the business.

LESSON XXII.

[CONTINUED.]

At the end of the first year it was found that the net profits of the business amounted to \$650. The following entry would close the Profit and Loss account.

Profit and Loss,..... Dr. \$650.00.

To Thomas Jones, for his }
 one-half profits in business, { Cr. \$325.00.

To Amos Williams, for his }
 one-half profits in business, { Cr. \$325.00.

The next year's business proved unprofitable and a loss of Capital occurred to the extent of \$400, requiring the following entry :

Thomas Jones, }
 for one-half loss,..... { Dr. \$200.00.

Amos Williams, }
 for one-half loss,..... { Dr. \$200.00.

To Profit and Loss, to cover loss {
 of Capital during the year. { Cr. \$400.00.

GENERAL QUESTIONS.

82. What entry is proper, when profit has been made by Partners in business.

Ans. When the books are balanced at the close of the year, the net profits should be credited to each Partner, as his interest may demand under the partnership contract, debiting the same to Profit and Loss Account.

84. What entry will be proper, when a loss has occurred in business ?

Ans. In case of loss in business, each partner's account must be debited with his share of the loss, crediting the same to Profit and Loss Account.

85. In what way can each Partner receive his proper interest, on his Capital invested in business ?

Ans. Interest must be debited, and each partner must be credited with the interest on his Capital invested, or one partner can be credited with the interest on his excess of Capital. The first plan is usually adopted.

LESSON XXIII.

Expense, Commission, Profit and Loss.

The expense account must be debited with all items of Rent, Salary of Clerks, Freight, Insurance and other expenses of conducting the business. This account is usually closed by being carried into the Profit and Loss Account, annually or semi-annually on the last days of June and December.

The following are some of the entries, that are usual in expense account:

Expense	Dr. \$100.00.	
To Cash, paid Store Rent,		} Cr. \$100.00.
• for quarter ending March 31,		
Expense	Dr. \$60.00.	
To Cash, paid Clerks Salary,		} Cr. \$60.00.
for month of March,		
Profit and Loss.	Dr. \$650.00.	
To Expense Account, for amount		} Cr. \$350.00.
to balance Expense Account,		
for 6 months ending June 30.		

Commission Account must be credited with all Cash, or benefits received from others, for work done, or for the sale of goods, on which a commission is charged.

Commission Account must be debited with amounts paid to other parties for work performed by them.

Commission Account is carried into Profit and Loss Account semi-annually, when the books are closed.

The following are usual Commission entries :

Cash...	Dr. \$10.00.	
To Commission Account, for 2½		} Cr. \$10.00.
per ct. Commission on sale \$400		
for account T. H. Ives.....		
Underwriters Agency,.....	Dr. \$20.00.	
To Com. on July Policy,		Cr. \$20.00.
Commission Account,.....	Dr. \$15.00.	
To Samuel Dunn for		} Cr. \$15.00.
Brokerage on Cargo Lumber,		
Commission Account,.....	Dr. \$150.00.	
To Profit and Loss for amount		} Cr. \$150.00.
to balance Commission account		
for 6 months ending Dec. 31.		

LESSON XXIII.

[CONTINUED.]

Profit and Loss.

All accounts which represent Expenses or Losses, also accounts representing Gains or Profits, are finally transferred to this account, thus bringing together in one account, all the items of Gain and Loss, and thereby exhibiting the true state of the business. This is usually done on the last days of June and December. Thus:

Commission Dr. \$150.00.
 To Profit & Loss, to bal. Com. acc't, Cr. \$150.00.
 Discount, Dr. \$100.00.
 To Profit & Loss, to bal. dis. acc't, Cr. \$100.00.
 Profit and Loss, Dr. \$250.00.
 To Interest to balance interest acc't, Cr. \$250.00.
 Profit and Loss, Dr. \$160.00.
 To Advertising to balance adv. acc't, Cr. \$160.00.
 Profit and Loss, Dr. \$300.00.
 To Expense to bal. expense acc't, Cr. \$300.00.
 Merchandise, Dr. \$1.250.00.
 To Profit & Loss, for profits on sales }
 for six months, ending Dec. 31st, { Cr. \$1.250.00.

After the above entries have been made and posted to Dr. and Cr. of Profit and Loss Account, the amount required to balance the account is carried to the Dr. or Cr. of the owner, as the facts may demand. If a profit has been made. The following entry will be proper:

Profit and Loss Dr. \$750.00.
 To William Johnson, for net profits }
 six months ending Dec. 31st, { Cr. \$750.00.

Or, If there are partners, and the business has lost money, the entry will be:

James Simmons. }
 For one-half of loss in business } Dr. \$65.00.
 for 6 months ending Dec. 31, }
 John Thompson. }
 For his one-half loss, } \$65.00.
 To Profit and Loss, }
 For amt. to bal. Profit & Loss account, { Cr. \$130.00.

LESSON XXIV.**Review.**

1. Amos Lane, a Merchant, has a settlement with a customer and creditor, Henry Claxton, to whom he owed a note \$469.57, and Interest on same \$12.13, H. Claxton, owed Lane an Account \$56.40, which he wished to pay, and he, Claxton, agreed to accept from Amos Lane in settlement, a note given by S. I. Rich to Amos Lane \$300, and to take Lane's note at 30 days for \$50, and his check for \$75.30, the balance due.

What entry shall be made?

2. Amos Wooten, Agent for Equitable Insurance Co., has received Premiums during the month, which have been credited to the Co., \$410.00 on which he is entitled to 10 per ct. \$41.00, leaving due the Co. \$369, he sends them his check on the National Bank.

How shall the entry be made?

3. Allen & Davis are partners in business, and find that they have made according to the Credit in Profit and Loss Account, \$800, which by the terms of partnership, is to be equally divided.

What entry will be proper?

4. They have lost \$40. What entry?

5. I sell for Account of Benj. Jackson, 100 Bales Hay, \$148, which amount has been placed to his Credit. He has been charged with Cash paid Freight, on the Hay, \$12.00. I am entitled to a Commission of $2\frac{1}{2}$ per ct. on Gross Sales, \$3.70. I render Account Sales and send him my check for \$132.30 on National Bank.

What entry will be necessary?

6. I sell my half interest in the Mill Creek Property for \$600, Cash. This Property cost \$750, which amount was charged to Property Account.

What entry must be made?

7. The Property (which cost \$750) was sold for \$900, one-half Cash, \$450, and the balance, \$450, on Bond and Mortgage, payable one year after date. What entry?

LESSON XXIV.

[CONTINUED.]

9. Sundries to Sundries.

Bills payable for Amos Lane's note to H. Claxton taken up and cancelled this day.	}	Dr. \$469.57.
Interest on same to date.....		
	Dr.	12.13.
To Henry Claxton to balance account,	Cr.	\$56.40.
To Bills received for note of S. I. }		
Rich to Amos Lane, due Nov. 1, }		300.00.
endorsed to Henry Claxton,		
To Bills payable for Amos Lane's note to Henry Claxton at 30 days, {		50.00.
To National Bank for check to balance,.....		75.30.
What was the transaction ?		

10. Willam Thompson,	Dr. }	
For net sales of Butter,	}	\$76.00.
To Cash paid freight and cartage,		\$ 8.00.
To Commission, 2½ per cent,.....		1.90.
To National Bank for check to balance,		66.10.
What was the transaction ?		

11. Aetna Insurance Co.,	}	
for premium receipts during May, }	Dr.	\$140.00
To Commission Account,.....		20.00.
To National Bank for check to balance,		120.00.
What was the transaction ?		

12. Sundries to Sundries.		
Cash for partial payment on sale of property,	}	Dr. \$400.00
Bills receivable for note of Edward Williams due Dec. 1st.		
	Dr.	600.00
To property for sale of dwelling on Thomas Street.	} Cr. \$900.00.
To Profit and Loss, for profit on same,		
		100.00.
What was the transaction ?		

13. Cash for sale of Trent Farm,	Dr.	\$500.00.
Profit and Loss, For loss on same,.....		50.00.
To Property Account, for cost of		
Trent Farm sold this day,	{ Cr. \$550.00.

LESSON XXV.

The Sales Book.

Accuracy in entering goods, that are sold on credit, is of the utmost importance. Errors in accounts destroy confidence. Neglecting to charge involves an absolute loss of the article sold.

An entry in this book means that the merchant has taken the name of a customer in the place of Merchandise which has been delivered to him; therefore, he should not only be careful to enter the name of his customer, with the amount correctly stated, but he should be quite sure that the name is worth as much as the goods delivered.

The Sales Book is ruled in the same manner as the Daily Journal, with double columns for Dollars and Cents. Thus :

[illegible]

Ans. To enter the Ledger folio, to which the entry has been posted.

Ans. To enter the name of the purchaser, and a description of the merchandise sold.

Ans. To enter the value of each article of the charge.

Ans. To enter the total amount of the transaction, which may embrace two or more articles.

LESSON XXV.

[CONTINUED.]

GENERAL QUESTIONS.

86. For what purpose is the Sales Book used?

Ans. The Sales Book is one of the books of original entry, and is used for the purpose of entering credit sales of merchandise.

87. What is done with the entries that are made in the Sales Book?

Ans. This being one of the books of original entry, all the entries are posted from it, into the Ledger, and the amounts are placed to the debit of the parties to whom the goods were sold.

88. On which side of the account is the debit entry posted, and how?

Ans. The entry must be posted in the Ledger, on the left hand or debit side of the account,—To Merchandise.

89. How do you find an account in the Ledger?

Ans. An account is found, by examining the Ledger Index, where the name of each account must be entered as soon as it is opened in the Ledger.

90. How is an entry from this book made in the Ledger?

Ans. An entry in the Ledger from the Sales Book, is made as follows:

July 13. To Merchandise Sales Book Folio 10. 24.00.

91. Is each entry that is made in this book credited to the merchandise account?

Ans. The entries in the Sales Book, are added together in the right hand or total column, and at the close of each month, the total amount that has been debited during the month, is posted to the credit of merchandise account.

92. How is the entry posted in the Ledger merchandise account?

Ans. By Credit Sales for July.

Or, By amount debited to Individual Account.

93. Why is not each entry credited at the time to the merchandise account?

Ans. Because it would be a burdensome and useless work, which can be done by one entry at the close of each month.

LESSON XXVI

The Sales Book.

(SHOWING HOW TO MAKE CHARGES OR ENTRIES.)

NEWBERN, N. C., JULY 1, 1885.

Folio		Dr.	
24	JAMES IVES.		
	For 7 Bushel Corn @ 65.	\$ 4 55	
	10 Bushel Oats @ 50.	5 00	
			9 55
50	JOSEPH L. RHEM.		
	2 Allen Cotton Cultivators @ \$6.	12 00	
	3 Dickson Cotton Sweeps @ \$4.	12 00	
	6 Handled Hoes @ 50.	3 00	
			27 00
100	E. B. COX.		
	6 pair Trace Chains @ 50.	3 00	
	100 lbs. Plow Castings @ 5.	5 00	
			8 00
18	J. J. WOLFENDEN.		
	2 Kegs Nails @ \$3.00.	6 00	
	1 Straw Cutter.	9 00	
			15 00
60	JOHN OWENS.		
	1 set Buggy Harness.	12 50	
	1 Riding Saddle.	6 00	
			18 50
24	SAMUEL JACKSON.		
	1 Barrel Pork.		15 00
46	EDWARD DAVIS.		
	40 yards Muslin @ 7.	2 80	
	16 yards Black Alpaca @ 40.	6 40	
	8 spools White Thread @ 5.	40	
	3 papers Needles @ 10.	30	
			9 90
17	W. C. WILLETT.		
	1 barrel Gran. Sugar 225 lbs @ 8.	18 00	
	4 Hams 43 lbs @ 15.	6 45	
	2 lbs Green Tea @ 75.	1 50	
			25 95
69	WILLIAM DUNN.		
	4,000 Hard Brick @ 8.	32 00	
	3 barrels Best Cement @ \$2.50.	7 50	
			39 50
40	SAMUEL W. SWALLWOOD.		
	1 Grain Fan.		22 50
28	S. H. GRAY.		
	10 barrels Lime @ 1.50.		15 00
	Amount carried forward.	\$ 205 90	

LESSON XXVI.

[CONTINUED.]

NEWBERN, N. C., JULY 31, 1885.

		Amount brought forward.		\$	205 90
Folio	140	DAIL BROS.,	Dr.		
		100 feet Rubber Hose @ 35,			35 00
"	6	To Merchandise,	}		
		For amount of July sales,	}	\$	240 90

What is the first entry in this lesson ?

Ans. James Ives is charged with corn and oats.

What do the figures in the first dollar and cent column represent ?

Ans. The total value of the item charged.

What do the figures in the outside column represent ?

Ans. The total amount of the charge or entry.

What do the figures in the left hand column denote ?

Ans. The figures in the left hand column of the Sales Book (as in the Daily Journal and Cash Book) show the page or folio of the Ledger, to which the charge has been posted.

On what page of the Ledger will James Ives account be found ?

Ans. On page 14.

What is meant by the entry To Merchandise at the close of the month ?

Ans. This entry is intended to be posted to the credit of Merchandise Account, and represents the total amount of Goods that have been sold, and which have been debited to the several accounts during the month.

NOTE.—The entries contained in this Lesson, should be written by the Pupils in Sales Book pages, drawn on the Black Board.

LESSON XXVII.

The Sales Book and Accounts.

In the previous lesson, model entries were given, which can properly be made in the Sales Book.

The lesson also explained the plan of crediting the sales, for the entire month, in one entry to the credit of the merchandise account. This plan avoids the necessity of making numerous credit entries, and it is perfectly correct and proper.

How should Edward Davis' bill be written ?

NEWBERN, N. C., July 15, 1885.

MR. EDWARD DAVIS,

1885.

To

H. S. ALLEN,

Dr.

July	10	For 40 yds. Muslin at 7 cts.,.....	\$ 2 80		
		" 16 yds. black Alpacca at 40 cts.	6 40		
		" 8 spools white Thread at 5 c.	40		
		" 3 papers Needles at 10 cts...	30		
			—	—	
		July 20, 1885. Rec'd. Paym't.			\$ 9 90
		H. S. Allen.			

Why is July 15 placed at the head of the bill ?

Ans. It is always proper to write the name of the place of business, and the date at the head of bills or invoices, showing when the bill was rendered.

Why is July 10 placed in left hand column ?

Ans. Because that was the day on which the sale was made, and because it is proper to enter on the bill, the date of each purchase as shown by the original entry in the Sales Book.

Why is July 20th placed at the lower left hand corner of the bill ?

Ans. Because the bill was paid on that day, and because a receipt should always be dated.

Why should a receipt always be dated ?

Ans. A receipt should be dated for various reasons, but especially is it necessary for future reference, when it may become important to determine the exact day of payment.

LESSON XXVII.

[CONTINUED.]

GENERAL QUESTIONS.

94. How does the merchandise account receive credit for the goods that have been sold, and debited to various parties?

Ans. At the close of the month, the total credit sales are posted to the credit of the merchandise account, as shown in Lesson 26.

95. On which side of the merchandise account must the entry be made?

Ans. The entry must be made on the right hand or credit side of the merchandise account—By Credit Sales.

96. Why are the sales credited to the merchandise account?

Ans. Because the merchandise account has conferred the benefit, by furnishing the goods that were sold, and which have been charged or debited to the various customers accounts.

97. Can any entries be made in the Sales Book that do not record credit sales?

Ans. The Sales Book should be devoted exclusively to the record of credit sales, but when a business requires very few Daily Journal entries, it is quite proper to devote one or more pages of the Sales Book to that purpose, each month.

98. What is shown by an entry in the Sales Book?

Ans. An entry in the Sales Book, shows that the merchandise account has parted with goods, to that extent, and that the name of a customer has been received in exchange for the amount specified.

99. Can cash entries be made in the Credit Sales Book?

Ans. Every merchant or book-keeper must endeavor to adapt his plan of Book-Keeping, [and the books used] to his business, in order to obtain the best results with the least expenditure of labor. Always remembering that clear statements and correct principles in making entries must be observed. We advise every business man to keep a Daily Cash Book, separate from all other books.

LESSON XXVIII.

The Cash Book.

The Cash Book is frequently of equal, if not of greater importance to the Merchant than either the Sales Book, or the Daily Journal,—and great care is required in order to keep it correctly. This is one of the books of original entry. All transactions involving cash must pass through the pages of this book, and be posted from it to the Ledger.

The success of a business often depends largely upon the proper management and care of the Daily Cash Book, which must be kept in a clear, correct and concise manner.

In this and the following three lessons, the Cash Book will be fully explained and illustrated.

The Cash Book is usually ruled with double columns for dollars and cents, but the writer has found the triple column so much more convenient, that he has adopted it in these lessons.

GENERAL QUESTIONS.

100. For what purpose is the Cash Book used ?

Ans. The Cash Book is used only to record daily cash transactions.

101. Are any entries other than cash allowed in this book ?

Ans. Only cash entries are allowed in the Cash Book.

102. What is considered as cash ?

Ans. Currency, checks and sight drafts are usually counted as cash items.

103. What is the first entry in opening a Cash Book ?

Ans. The first entry will be to credit the cash capital invested by the owner of the business, and which will be entered to the credit of Capital Stock, or the owner of the business, and debited to the Cash Account.

LESSON XXVIII.

[CONTINUED.]

104. If the cash capital has been credited to the owner, or capital stock, by an entry in the Daily Journal, and posted to the debit of cash account on the Ledger, what would then be the opening entry on the Daily Cash Book ?

Ans. The first entry would then be,

To amount on hand, see }
 Ledger Cash Account, folio 6, { \$500.00

105. On which side of the Cash Book is this entry made ?

Ans. On the left hand or debtor side.

106. What does this entry show ?

Ans. It shows that the cash account, (or cash book) has received a certain amount of money, for which it is held responsible.

107. What will be the next entry ?

Ans. Either to enter Cash Receipts, or to charge a payment made from the cash.

108. If the entry is for cash received, on which side of the account must it be made ?

Ans. On the left hand or Dr. side.

109. How must the entry be made ?

Ans. To James Williams on account, \$10.00

110. What information does this entry convey ?

Ans. It shows that the cash account has received \$10. for which it must be debited, and also shows that it received the money from James Williams, who must be credited for the amount.

111. If the entry is for cash paid out, how must it be made ?

Ans. It must be made on the right hand or credit side, thus:—

By Merchandise, for 10 bbls. Flour, \$50.00

112. What information does this entry convey ?

Ans. It shows that the cash account has parted with \$50. for which it must be credited and also shows that the amount was paid for merchandise account, which must be debited.

113. What rule has been given for this entry ?

Ans. What is received must Dr. be, To what is given.

LESSON XXIX.

Cash Account.

Dr.

1885.		Sales. Indiv. ac't Totals.			
July	1	To amount on hand as shown by { Leger Cash Account,..... }	\$	\$	\$500 00
		" A. P. Simpson to bal. account, ..		11 60	
		" Bills receivable for amount of { S. W. Royal's note, }		18 80	
		" National Bank for check No. 303,		55 00	
		" Thos. J. Mitchell on account,		18 50	
					103 90
	++	Cash Sales,	39 10		39 10
					\$643 00
July	10	To amount on hand,			\$150 00
		" W. D. Tucker on account,		38 00	
		" W. S. Wooten,		26 00	
		" Commission for commission { on sale of Cotton, }		2 50	
		" Bills rec'ble for R. Thomas' note,		28 00	
		" Interest on R. Thomas' note,		2 40	
		" Importers & Traders Bank { Check No. 496,		16 00	
		" National Bank check No. 304, ...		200 00	
		" Thos. W. Carr to bal. account, ..		8 50	
					321 40
	++	Cash Sales,	19 85		19 85
					\$491 25
July	20	To amount on hand,			50 00
		" Bills receivable for note of H. { Emery, dis. at National Bank }		100 00	
		" Bills Payable for my Note { Discounted at Bank,		100 00	
		" Enoch Wadsworth on account, ..		16 00	
		" Walter H. Cohen,		20 25	
		" Newbern Gas Light Company { for collections,		40 00	
					276 25
	++	Cash Sales,	58 95		58 95
					\$385 20
		Amount carried forward,	\$117 90	\$ 701 55	

LESSON XXIX.

[CONTINUED.]

NEWBERN, N. C., JULY, 1885.

Cr.

1885.		Expense Indiv. ac't Totals.			
July	1	By Walter A. Wood amount paid his draft, }	\$	6 50	
		“ Adv. paid Newbern Journal, }		10 00	
	++	“ Expense paid store rent, }	30 00		
		“ In't pd. 6 mos. in't to A. Faison, . . . }		6 00	
		“ National Bank for deposit, }		370 00	
		“ L. S. Wood, }		40 00	
		“ Merchandise paid 10 kegs nails, . . . }		30 00	
	++	“ Expense paid cartage, }	50		462 50
					30 50
		Amount on hand, }			150 00
					\$643 00
July	10	By Bills Pay. paid note to S. Jones, . . . }		195 00	
		“ Importers & Traders Bk for chk } J. A. Guion Csh'r Nat. Bk. . . . }		200 00	
	++	“ Expense pd. c'tg & labor on lime, . . . }	14 00		
		“ C. T. Hancock, }		2 00	
	++	“ Expense paid clerks and labor, . . . }	26 00		397 00
	++	“ Expense paid freight O. D. Line, . . . }	4 25		
					44 25
		Amount on hand, }			50 00
					\$491 25
July	20	By Interest pd. dis. on Emery's note, . . . }		3 60	
		“ Interest pd. dis. on own note, . . . }		2 00	
		“ Real estate for purchase of farm, . . . }		225 00	
		“ Merchandise pd. bill L. H. Cutler, . . . }		25 00	
		“ Life Ins. pd. Premium Aetna Co. . . . }		60 00	
	++	“ Expense pd. Ins. on stock of goods . . }	20 00		315 60
	++	“ Expense pd. Caesar Lewis' wages, . . . }	7 00		
	++	“ Expense pd. postage & telegrams, . . . }	2 60		
					29 60
		Amount on hand, }			40 00
					\$385 20
		Amount carried forward, }	\$104 35	\$1,175 10	

LESSON XXIX.

[CONTINUED.]

Cash Account.*Dr.*

1885.		Sales. Indiv. ac't Totals.			
		Amount brought forward,	\$117 90	\$ 701 55	
July	30	To amount on hand,.....			40 00
		“ Property for sale of City Lot,....		200 00	
		“ Interest for Coupons State Bond,		40 00	
		“ Interest for div. on Bk. Stock,		50 00	
		“ A. Gordon on account,.....		28 00	
					318 00
	++	Cash Sales,.....	60 50		60 50
					\$418 50
			\$178 40	\$1,019 55	

Cash Dr. \$1,197.95.

To Merchandise Account, } Cr.
 for Cash Sales during the month, } \$ 178.40.

To Individual Accounts }
 which have been posted to credit } \$1,019.55.
 during the month,..... }

NOTE.—The Teacher will find it profitable to have this lesson written out in full, by each member of the class, either on the Black Board, or on paper ruled for the purpose, in order to practice the pupils in making such entries. A clear knowledge of how to keep the Cash Account, is of the utmost importance. The plan given is simple and correct, and it will be found suitable for almost any kind of business. Remember that all cash received by you, must be entered to the credit of the party from whom it is received; which is accomplished by entering it on the left hand or Dr. side of the Cash Book.

LESSON XXIX.

[CONTINUED.]

NEWBERN, N. C., JULY, 1885.

Cr.

1885.		Expense. Indiv. ac't Totals.	
	Amount brought forward,	\$104 35	\$1,175 10
July 30	By R. Berry for am't to bal. account,		16 00
++	" Expense pd. Gas bills for store,...	6 00	
	" Geo. Allen pd. Gas bills for House,		4 00
+	" Expense pd. Insurance on Store,	21 00	
			27 00
	" Sargent & Co. pd. Invoice,		47 00
	" John Humphrey pd. his order,...		4 50
	" National Bank for deposit,		250 00
	Amount on hand,		321 50
			70 00
			\$418 50
		\$131 35	\$1,496 60

Sundries, To Cash,.....\$1,627.95

Expense Account,
for amount paid for expense) \$ 131.35.
account during the month,....)

Individual Accounts,
which have been posted to) \$1,496.60.
debit during the month,.....)

NOTE.—The pupil should be thoroughly drilled in making Cash Entries, and in balancing the Cash Book, and be made to understand fully, how and why each entry is made, also how to prove the correctness of the footings, and also how to make the monthly closing entries. Lessons 30 and 31 will fully explain the subject. *Remember* that all cash paid out, must be entered to the debit of the party or account for which it is paid : which is accomplished by entering it on the right hand or Cr. side of the Cash Book.

LESSON XXX.

The Cash Book.

Cash Entries should always be made while the transaction is in progress, or before the money passes from the hand.

Cash Receipts of every kind are entered on the left hand, or Dr. side of the Daily Cash Book, and are posted from it to the credit of the proper accounts on the Ledger.

An entry on the left hand page of the Cash Book means that the Cash Account, or Cash Drawer has received that amount of money from the party whose name is entered. By this entry the Cash Account which receives the benefit, is debited; and the party who conferred the benefit by making the payment is credited.

Cash Payments. (or Cash paid out) are entered on the right hand or credit side of the Daily Cash Book, and are posted from it to the debit of the proper accounts on the Ledger.

An entry on the right hand page of the Cash Book, means that the Cash Account (or Cash Drawer which it represents) has paid that amount of money to, or for the party, whose name is entered. By this entry the Cash Account, which confers the benefit by furnishing the money is credited, and the party who received the benefit is debited.

The Sales Column shows the Cash Sales of each day during the month. The column is added, and the amount is carried forward from one page to another during the month, when it is credited and posted at the close of the month to the Merchandise Account. See Lesson 29.

The Expense Column on the credit side of the Cash Book, showing daily payments for the expense account is added, and the amount is carried forward from one page to another during the month when it is posted to the debit of expense account. See Lesson 29.

The figures in the left hand column denote the Ledger folio, to which the entries have been posted. This mark ++ when used in the Cash Book opposite the Cash Sales, and Expense Entries shows that these entries have not been posted, but that they are being carried forward, to be posted in bulk at the end of the month.

NOTE.—The Teacher will have the students draw a Dr. and Cr. page of Cash Book on the Black Board and slates, and by calling out Cash transactions, cause them to make the proper entries on the Dr. or Cr. side of the Cash Book.

LESSON XXX.

[CONTINUED.]

GENERAL QUESTIONS.

114. Why is the first entry in Lesson 29, written—To Amount on hand, instead of being credited to an account?

Ans. Because this amount had been debited to Cash, and credited to the stock account of the owner of the business, by a Daily Journal entry. (See Lesson XI.) It is therefore placed in the Total Col. and is not to be posted.

115. What amount is always shown in the first entry of the Daily Cash Book, on the morning of the first day of each month?

Ans. The amount shown on the Dr. side of the Daily Cash Book, on the morning of the first day of each month, must agree with the amount on the Dr. side of the Ledger Cash Account, and with the closing balance on hand the previous month. The entry is written—To amount on hand, and the amount is placed in the outside or Total Column, of the left hand page.

116. For what purpose is the left hand Dollar and Cents column on the Dr. side (in the triple column Book) used?

Ans. To record the Daily Cash Sales.

117. For what purpose in the middle column used?

Ans. To record the amounts, which are to be credited to the various accounts.

118. For what purpose is the outside column used?

Ans. The outside column is used entirely for entering the totals of the Sales column, and the totals of the Individual column, and for the amount on hand each day.

119. For what purpose is the first credit column used?

Ans. To enter the various amounts debited to the Expense account.

120. For what purpose is the middle column used?

Ans. To enter the amounts which are to be debited to the various Individual accounts.

121. For what purpose is the outside column used?

Ans. To enter the totals of the Expense column. The totals of the Individual column, and the amount on hand at the close of each day.

122. How often should the Cash account be balanced?

Ans. The Cash account should be balanced daily, in order to prove correctness or to detect errors.

LESSON XXXI.

Monthly Closing of the Cash Account.

At the end of the month, the Cash Account is debited, on the debit side of the Cash Book, for all that has been received and credited to Individual Accounts, and also for the total cash sales of the month. See entry at the close of the month. Lesson 29, Dr. side.

At the end of the month, the Cash Account is credited on the credit side of the Cash Book, with all that has been paid out, and which has been debited to Individual Accounts, and also for the total amount paid out for Expense Account during the month. See entry at the close of the month. Lesson 29, Cr. side.

The amount on hand at the opening of the day's business, together with the total amount of cash receipts, which have been credited to the various accounts, and the Cash Sales for the day; must always be equal to the payments debited to Individual Accounts, payments for Expense Account, and the cash on hand at the close of business.

The cash with which the month commenced together with the total footings of the Cash Sales column, and the Individual Column on Dr. side must always equal the total footings of the Expense Column, the Individual Column on the credit side, and the Cash on hand at the close of business on any day of the month, and at the close of the month.

GENERAL QUESTIONS.

123. What is the proper entry on the debit side of the Cash Book in order to close the monthly Cash Account?

Ans. Cash, Dr. \$

To Merchandise Account for	}	
Cash Sales during the month,	{	Cr. \$
To Indiv. Ac't, which entries have	}	
been posted during the month,	{	Cr. \$
(See Lesson 29.)		

124. Why is Cash Account debited with the total Cash receipts and for the Cash Sales at the close of the month?

Ans. Because that amount has been received by the Cash Account, or Cash Drawer—from sales of Merchandise and from various sources during the month, and while the amounts have been posted to the credit of the parties, (except the Merchandise Account) they have not been posted to the Dr. of cash account on the Ledger, which this entry is intended to do; And because Cash Account must be debited with all cash receipts.

LESSON XXXI.

[CONTINUED.]

125. Why is the Merchandise Account now credited with the Cash Sales ?

Ans. Because the Daily Sales were not posted to the credit of the Mdse. Account, but were brought forward to the end of the month, in order to embrace them all in one entry, to the credit of Merchandise Account; and because the Merchandise Account furnished the goods.

126. Why are not the Cash Sales posted each day ?

Ans. The Cash Sales can be posted daily if preferred, but it is usually found more convenient, and equally correct to post them monthly.

127. Why is the entry, at the close of the month—To Individual Acc't., passed over without being posted ?

Ans. Because the entries forming this total were posted to the credit of the various accounts at the time.

128. Why are not the various entries posted to the debit of Expense Account each day ?

Ans. They can be posted each day, if preferred; this plan has been adopted only to avoid having to post so many entries to the Expense Account.

129. Why is Cash Account credited with the total payments for Expense Account and Individual Accounts, at the close of the month ?

Ans. Because that amount has been paid out by the Cash Account, for the various parties named, and while the amounts have been posted to the debit of the several accounts (except the Expense Account) the amounts have not been posted to the credit of the Cash Account on the Ledger; which this entry is intended to do.

130. Why is the Expense Account now debited ?

Ans. Because the Daily Expenses were not posted to the debit of Expense Account, at the time of payment, but were brought forward in order to embrace them in one entry at the close of the month.

131. What is the proper entry on the credit side of the Cash Book, in order to close the monthly Cash Account ?

Ans. Sundries, To Cash, \$

Expense Account for amount paid during)
the month, as per Expense Column, } \$

Individual Accounts, for Entries which)
have been posted during the month, ... } \$

132. How do you prove the totals of the Cash Account ?

Ans. See third paragraph of this Lesson.

LESSON XXXII.**Review.**

1. Of what use is the Sales Book ?
2. How is the Sales Book ruled ?
3. What becomes of the entries made in the Sales Book ?
4. How is an entry from the Sales Book made in the Ledger ?
5. On which side of the Ledger Folio is the entry posted ?
6. Why is accuracy in making entries of such importance ?
7. Why is promptness in making entries so important ?
8. Why is great caution necessary ?
9. What rules have been given for making entries ?
10. Why should entries be clear, correct and concise ?
11. What account is credited with the Sales Book entries ?
12. How and when is the Credit entry made.
13. Why is not each entry posted at once to the credit of Merchandise Account ?
14. Why is the Merchandise Account credited with the total charges or debits made in the Sales Book ?
15. Why were not the entries of Sales of Merchandise in the first lessons of this book made in the Sales Book ?
Ans. Because the Sales Book was then unknown to the student, and because principles only were being taught.
16. Can credit Sales of Merchandise be made in the Daily Journal ?
Ans. They can be, and it is sometimes necessary and convenient to do so.
17. Are not Book-Keeping rules arbitrary ?
Ans. Rules relating to fundamental principles are arbitrary, but rules regarding the practice should not be too firmly fixed; they can and should be varied to suit the business.
18. Can Daily Journal entries be made in the Sales Book.
Ans. When a business requires very few Daily Journal entries, they can be made in the Sales Book, by devoting one or more pages each month to that purpose, provided they are kept separate from the sales.

LESSON XXXII.

Review.

[CONTINUED.]

19. Of what use is the Cash Book ?
20. How is the Cash Book ruled ?
21. What is the usual heading for the Cash Book ?
22. What rule has been given for making cash entries ?
23. Which is the Dr. side of the Cash Book ?
24. Which is the Cr. side of the Cash Book ?
25. What is the first entry in the Cash Book ?
26. On which side is the first entry made ?
27. What kind of entries are made on the Dr. side ?
28. What kind of entries are made on the Cr. side ?
29. What is done with entries that are made on the Dr. side ?
30. What is done with entries that are made on the Cr. side ?
31. How are entries from the Dr. side of Cash Book written in the Ledger ?
32. How are entries from the Cr. side of Cash Book written in the Ledger ?
33. What entry is made of the Daily Cash Sales ?
34. Why are not the Cash Sales posted daily to credit of Merchandise Account ?
35. Why are not the Expense Entries posted daily to Expense Account ?
36. When are the Cash Sales and Expense entries posted ?
37. How are the closing entries made in the Cash Book ?
38. How do you ascertain the daily Cash Sales ?

Ans. A Petty Cash Book should be kept, in which every cash sale that is made during the day should be recorded, and the recorded sales should represent the difference between the amount on hand in the morning, added to the cash receipts of the day; and the total cash payments added to the amount on hand at the close of business.

39. Can Cash Entries be made in the Daily Journal ?

Ans. Cash Entries can be made in the Daily Journal, should the necessity arise, but with the single exception of the opening entry in favor of the stock account, or owner of the business, it should not be done.

LESSON XXXIII.**Notes and Bills.**

DATE.	No.	MAKER.	ADDRESS.
1885. July 1	47	Wm. Johnson,	Trenton.
July 15	48	S. Williams,	Kinston.
Aug. 1	49	I. H. Dixon,	Newbern.

NOTES AND BILLS.

DATE.	No.	PAYABLE TO	WHERE PAYABLE.
1885. July 10	24	Lister Bros.	National Bank.
July 28	25	New York Plow Co.	I. & T. Bank.
Aug. 10	26	J. A. Meadows,	Office.

133. What is the use of the Bills Receivable Book ?

Ans. The Bills Receivable Book contains a complete record of every note, accepted draft, or other Bills Receivable, which is held by the owner of the business, embracing date of note, the name and address of maker, with amount and date of maturity.

134. How are Bill Books ruled ?

Ans. The ruling of Bill Books vary, according to the kind of business for which they are used. The above forms are often used.

135. What advantage is there in keeping a Bills Receivable Book ?

Ans. It gives a complete record of the notes held by the merchant, and it is convenient for reference.

NOTE.—The above pages of Note Books, should be copied on the Black Board by several pupils. The questions and answers should be faithfully committed to memory.

LESSON XXXIII.

[CONTINUED.]

Receivable.

TIME.	WHEN DUE.	AMOUNT		REMARKS.
60 days.	Aug. 28th,	150	00	
4 mos.	Nov. 15th,	100	00	
3 mos.	Nov. 1st,	48	00	

PAYABLE.

TIME.	WHEN DUE.	AMOUNT.		REMARKS.
3 mos.	Oct. 10th,	200	00	
60 days.	Sept. 26th,	85	00	
30 days.	Sept. 9th,	40	00	

136. For what purpose is the Bills Payable Book used ?

Ans. The Bills Payable Book contains a complete record of every note, acceptance, or other Bills Payable due by the owner of the business to others, embracing date of the note, amount, when payable, and date of maturity.

137. When should a note or draft be entered on the Bills Payable Book ?

Ans. A note should be entered on the Bills Payable Book, as soon as it is written; and a draft should be entered when it is accepted.

138. What advantage is there in keeping a Bills Payable Book ?

Ans. It gives a complete record of every note that has been given by the merchant, and when due; which are matters of great importance to the business man.

LESSON XXXIV.

Notes, Drafts and Acceptances.

139. By what name are Notes, Drafts and Acceptances known ?

Ans. They are known as Bills Receivable, by the person who owns them, and as Bills Payable, by the person who owes them.

140. What is a note ?

Ans. A note is a written promise to pay a certain definite sum of money, which may be on demand, or at a future specified date; and it is usually made payable at a specified place of business.

141. How many parties are embraced in a note, and by what names are they known ?

Ans. There must always be at least two names or parties embraced in every note. They are known as the maker, or the one who promises to pay; and the Payee, or the person to whom the note is to be paid.

142. What other names are sometimes found on notes ?

Ans. Other names on a note are known as endorsers, or securities.

143. What is the proper place for the name of the maker, and for the Payee of the note ?

Ans. The maker of a note signs his name at the lower right hand corner of the note. The name of the Payee, or the person to whom the note is to be paid, is written in the body of the note.

144. How is a note usually written ?

Ans.

NEWBERN, N. C., July 30, 1885.

\$100.00 Six months after date, with Interest from date at six per cent per annum. for value received. I promise to pay George Allen & Co., One Hundred Dollars, as witness my hand and seal.

SAMUEL SLOAN, (Seal.)

145. If the note is sold to other parties, how is the transfer made ?

Ans. The transfer is made across the back of the note, about one third from the top or left hand end. Thus:—

Pay to the order of Wm. Hollister.

GEORGE ALLEN & Co.

LESSON XXXIV.

[CONTINUED.]

146. Where does an endorser write his name ?

Ans. The name of an endorser is usually written across the back of the note.

147. Can more than one person sign a note ?

Ans. Any number of persons can sign a note, either as principals, or as securities or endorsers.

148. What is embraced in the Bills Receivable account ?

Ans. The Bills Receivable account embraces all notes and drafts that are held or owned by the merchant, and refers to all the entries connected with them.

149. What is embraced in the Bills Payable account ?

Ans. The Bills Payable account embraces all notes and accepted drafts, that are due by the merchant to others, and refers to all the entries connected with the transactions.

150. What is a Draft ?

Ans. A Draft is an order for a certain sum of money, payable either at sight, or at a certain time after sight, or after date; drawn by one person upon another.

151. How should a Draft be written ?

Ans. NEWBERN, N. C., July 31, 1885.
\$50.00 Thirty days after sight, pay to the order
of J. A. Guion, Cashier, Fifty Dollars, value received,
and charge to account of

To Geo. Allen & Co., ALEX. MILLER.
Newbern, N. C.

152. How is a draft accepted ?

Ans. The person upon whom a draft is drawn, accepts it by writing his name across the face of the draft.

153. Which is the top end of a draft, note or check ?

Ans. The left hand end is always considered the top or upper end.

154. When a draft is accepted, what entry is proper ?

Ans. When a draft is accepted, an entry must be made, in the Daily Journal, which fully describes the transaction.

Alexander Miller, Dr. \$50.00
To Bills Payable for his draft on us dated {
July 31st, at 30 days at Nat. Bank, ... } Cr. \$50.00

155. When the draft is paid what is a proper entry ?

Ans. Bills Payable for amount paid {
our acceptance, To A. Miller. } Dr. \$50.00
To Cash, \$50.00

LESSON XXXV.**Invoice Book.****GENERAL QUESTIONS.**

156. What is an Invoice Book ?

Ans. An Invoice Book is one of the auxiliary Books, used for the purpose of recording Invoices, as they are received.

157. What is the use or value of the Invoice Book ?

Ans. The Invoice Book, is valuable chiefly as a book of reference; it enables the merchant to easily examine any Invoice or purchase, made at any previous date.

158. How is the Invoice Book ruled ?

Ans. The Invoice Book is ruled with three columns for Dollars and Cents, and has an index bound in the front part of the book.

159. Is the Invoice Book one of the books of original entry, or must Invoices be entered on the Daily Journal also ?

Ans. The Invoice Book is generally used, only for the purpose of preserving a record of purchases, in a convenient form. The debit and credit entries should always be made in the Daily Journal, as shown in lesson 12.

160. Is it necessary to keep an Invoice Book ?

Ans. A business can be conducted without an Invoice Book, but the advantages are so great, that no merchant should be without one.

161. Cannot the labor of copying Invoices be avoided ?

Ans. Skeleton Books are prepared in which Invoices can be pasted. This plan is often used, but it is far inferior to the regular Invoice Book.

162. If an Invoice Book is kept, who should copy the Invoices ?

Ans. The buyer for the business should do the work, but if his time is too valuable, the work should be done by the stock clerk.

LESSON XXXV.

[CONTINUED.]

GENERAL QUESTIONS.

163. What advantages or reasons can be given for copying Invoices ?

Ans. It renders the Owner, Buyer, and Stock Clerk more familiar with the purchases of Merchandise, and with the cost of the same: It enables them to detect errors, should there be any, and by keeping the book added up, it gives full information regarding the total purchases during each month.

164. What is done with the original invoices after they have been copied and entered ?

Ans. The original invoices are folded and filed in monthly packages, for future reference.

165. What rules or instructions are to be observed in copying invoices ?

Ans. Every calculation and addition must be carefully examined ; a record made of the date of purchase, and when due, and what discount, if any, and carefully enter each invoice in the index.

166. How is an invoice index made ?

Ans. The index contains a page for each letter. Each name in the book, is given one or more lines in the index, and when an invoice is copied, the page of the book is entered opposite the name in the index, thus :—Moritz & Keidel. 6, 10, 15, 20, which means that an invoice from that house can be found on each page mentioned.

167. When an inventory of stock is taken should it be entered in the Invoice Book ?

Ans. The Invoice Book should never be used for that purpose. The inventory should be entered in a separate book which can be of much inferior quality.

LESSON XXXVI.

Bank Account and Checks.

168. What is meant by Bank Account ?

Ans. This account in the Ledger, represents on the Dr. side the various amounts that have been deposited in the Bank, and on the Credit side it shows the amounts for which checks have been given.

169. What entry is made in the Daily Cash Book, when a deposit is made in the Bank.

Ans. When a deposit is made, the amount is charged to the Bank, and it is posted to the Dr. of the Bank Account in the Ledger.

170. What entry is made in the Daily Cash Book when a check is drawn on the Bank ?

Ans. When a check is drawn, the amount is credited to the Bank, and it is posted to the Cr. of the Bank Account in the Ledger.

171. If a note has been given payable at Bank, with instructions to the Bank to pay it, at maturity, what entry should be made in the Bank Account and when ?

Ans. When the note falls due the following entry should be made.

Bills payable for our note to	} Dr. \$145.00.
D. Landreth & Sons due Aug. 3,	
payable at I. & T. Bank,	
To Importers and Traders Bank,	Cr. \$145.00.

172. Is it necessary always to open an Account in the Ledger, with the Bank, and to post every check and deposit, from the Cash Book to that account ?

Ans. In ordinary regular mercantile business this plan will be found much the best, but a different plan will frequently be more suitable ; as in the case of a large cotton buyer, who often keeps his Bank account on the margin of his check book. The business man must remember that while the Debtor and Credit principles never vary, yet the practice of accounts can be varied to suit the kind of business in which he is engaged.

173. How is a deposit in the Bank made ?

Ans. A list of the cash items is usually made, by the Depositor on a deposit ticket furnished by the Bank. The Teller counts the money and verifies the deposit ticket, which he keeps ; giving the Depositor a Pass Book in which he has entered the amount deposited.

LESSON XXXVI.

[CONTINUED.]

174. How should a check be written ?

No 69. NEWBERN, N. C., Aug. 3, 1885.

*GREEN, FOY & CO., Bankers, at Newbern,
Pay to HOWARD & JONES, or Bearer,
One Hundred and Twenty-five Dollars.*

\$125.00.

C. E. FOY.

175. What points must be observed in writing checks.

Ans. The place of business. The date. The name of the Bank. The amount. The names of the maker and payee, and the number of the check all clearly stated.

176. Where should the place of business and date be written ?

Ans. On the upper right hand corner.

177. Where should the number be written ?

Ans. The number should be written on the upper left hand corner.

178. Where should the amount in figures be written ?

Ans. The amount in figures should always be placed in the lower left hand corner, partly because that has been the usual custom.

179. Are there any other directions in regard to writing checks ?

Ans. The amount should be carefully written in such a manner that alterations cannot easily be made. The amount in figures should be clear and plain, and the same kind of signature should always be used.

180. If a check is written payable to order of the party to whom it is given, what must be done in order to get it cashed at Bank ?

Ans. The party owning the check, must write his name across the back of the check, about one third from the top end.

181. Which is the top end of a check ?

Ans. The left hand end of a check, note or draft is always considered the top or upper end.

182. Why cannot the name be written near the top or near the bottom ?

Ans. Because it leaves no room for an endorsement above the name, if it should be needed, nor for an endorsement below the name, should it be written at the bottom.

LESSON XXXVII.

Dr. MACHINE SHOP CASH BOOK.

1885						
Aug.	1	To Balance from July account,				10 00
	4	“ Collection from Gray's Plate Factory,	\$16 00			
	6	“ Do R. O. E. Lodge, Ice Factory,	8 50			
	10	“ Do Newbern Cotton Seed Oil Mill,	6 25			
	18	“ Do Ellis' Rice Mill,	4 60			
	20	“ Do A. R. Dennison, Cotton Gin,	3 00			
	25	“ Do Newbern Gas Light Company,	2 00			
						40 35
						50 35

Dr. MUTUAL AID SOCIETY in Account

1885						
Aug.	1	To Cash paid for Wood for J. Coats,	\$ 2 00			
		“ Do “ “ Medicines for J. Williams,	1 00			
	10	“ Do “ “ Groceries for S. Jones,	1 50			
	15	“ Do “ “ House Rent for Do.	3 00			
	25	“ Do “ “ Order of J. Ross,	5 00			
						12 50
		To Balance on hand,				9 50
						22 00

Dr. FAMILY EXPENSE ACCOUNT,

1885						
Aug.	5	To Cash paid for fire wood,	\$ 5 00			
		“ “ “ “ Coal,	6 00			
		“ “ “ “ bill of A. Miller,	12 20			
		“ “ “ “ “ H. B. Duffy,	12 50			
		“ “ “ “ Butcher Bill,	8 00			
						43 70
		To Balance,				10 30
						54 00

GENERAL QUESTIONS.

183. What is the subject of Lesson 37?

Ans. This Lesson embraces a simple Cash Account, which every Mechanic or Farmer should keep, and which may occupy a portion of the record book. The lesson also shows a model for a Treasurer's Account, and for Family Expense Account.

184. On which side of the Cash Account should Cash Receipts, and Cash Payments be entered?

Ans. Cash that is received should always appear on the left hand or Debtor side; and cash paid out should always be entered on the right hand or Credit side of a Cash Account.

LESSON XXXVII.

[CONTINUED.]

NEWBERN. N. C., AUG. 1. 1885.

1885									
Aug.	8	By	Amount paid for wages,			\$12	00		
	10	"	" " " " iron rod,			2	60		
	12	"	" " " " Cartage on Engine,			1	00		
	15	"	" " " " wages,			14	50		
	20	"	" " " " Building Material,			2	50		
	22	"	" " " " wages,			10	00		
								42	60
			Amount on hand,					7	75
								50	35

*R. A. RICHARDSON, Treasurer,**Cr.*

1885									
Aug.	1	By	Balance from July Account,			\$	2	00	
		"	Cash Receipts,						
			from members for the					20	00
			month of August,						
								22	00

*L. J. WILLIAMS.**Cr.*

1885									
Aug.	1	By	Balance for July,			\$	4	00	
		"	Salary for August,					50	00
								54	00

185. Why is this rule reversed in the Society Account, and Family Expense Account?

Ans. Because these Accounts are not Cash Accounts. They are Accounts kept by the parties, with the Mutual Aid Society, and with Family Expenses, in order to record the Cash Transactions made for them; therefore these Accounts are debited with the amounts paid out, and they are credited with the Cash received; under the rule, "What is received must Dr. be to what is given."

LESSON XXXVIII.

MACHINE SHOP DAILY RECORD. Dr.

1885 July	1	Neuse & Trent Transportation Company } for work on Steamer Trent,	\$ 6 50	
	4	Ditto for work on Steamer L. H. Cutler,	4 00	
		Ditto for work on Steamer Neuse,	8 00	
	10	Ditto for work on Steamer Kinston,	12 50	
		J. L. Rhem for work on Engine and Gin,	4 90	
		J. A. Meadows work at Grist Mill,	7 25	
	12	Newbern Rice Mills, (Bolts)	2 35	
		Steamer Contentnea, boiler work,	13 50	
	15	The S. H. Gray Manufacturing Co. for { work at Wood Plate Factory, }	24 00	
	16	Ditto for Lathe and Drill work { for Wood Pulp Factory, }	21 00	
	20	Newbern and Pamlico Steamboat Co. } for lathe and planer work Str. Elm City, }	14 00	
	21	Newbern Cotton Seed Oil Mills { for work on Crusher, }	6 50	
		A. R. Dennison work on Cotton Gin,	2 00	
	25	Newbern Gas Light Company, work on valve,	1 50	
		Geo. Allen & Co., iron work for Plow Factory,	8 75	
		Steamer Florence, work on crank pin,	2 00	
	26	Steamer Snow Hill, bolt and pipe work,	4 60	
		D. Congden & Son, work at Saw Mill,	6 30	
		Moore & Brady Oyster Canning Factory,	2 50	
	30	D. Stimson, work on Planer at { Steam Saw Mill, }	4 60	
		Geo. Bishop, work at Truck Box Mill,	4 00	
		Amount forward,		160 75

LESSON XXXVIII.

(CONTINUED.)

	Amount brought forward,		160 75
Aug. 4	The Dennison Turpentine Distillery,	\$ 2 50	
	S. Radcliffe & Co., Steam Saw Mill,	4 75	
8	Newbern Cotton Manufacturing Co. } work on engine. }	4 25	
15	C. Erdmann, Cigar Factory, work on table,	1 50	
	John Dunn Candy Factory. (Molds)	2 25	
18	Cawman, Thompson & Co. Saw Mill, } work on Machinery, }	4 25	
22	R. O. E. Lodge Ice Factory, work on valves,	2 50	
	T. S. Howard Marine Railway, iron work,	6 00	
25	Old Dominion S. S. Co. for } work on Steamer Shenandoah, }	16 50	
28	Clyde Line for work on Steamer Goldsboro,	8 40	
30	Newbern and Beaufort Canal Co. for } lathe work on Dredge Boat, }	10 50	
31	Fruit and Vegetable Canning Factory,	2 50	
	J. M. White & Co. Agricultural Lime Works,	2 75	
	G. Vyne for work on Mower and Reaper,	1 50	
	Gardner & Glenn, Carriage Shop, for Bolts,	2 00	72 15
			<hr/> \$232 90

GENERAL QUESTIONS.

186. What is the subject of Lesson 38?

Ans. Lesson 38. shows a book of original entry for a Mechanic or Farmer, and forms his record of daily transactions.

187. Can cash transactions be entered in this book?

Ans. They can be entered here if desired; it is better, to keep a separate account for all cash transactions.

LESSON XXXIX.

Commission Business and Account Sales.

188. What is a Consignment?

Ans. When Merchandise is sent by one person, to another for sale, it is called a consignment.

189. What is a Joint Consignment?

Ans. When a shipment or consignment is sent by one person to another, to be sold for the benefit of two or more persons, it is called a joint consignment.

190. Which party is the Consignor, and which is the Consignee?

Ans. The Consignor is the party who makes the shipment; and the Consignee is the party who receives the goods for sale.

191. What is meant by—a Commission Merchant?

Ans. A Commission Merchant, is one who makes a business of receiving consignments of Merchandise, for sale on Commission; and who purchases goods for others, charging a commission for his services.

192. What is meant by the term Commission?

Ans. The pay or compensation for buying or selling for others is called Commission, and the business is called, Commission Business.

193. How are Commission entries made?

Ans. Entries in Commission business are usually made in the Daily Journal, and in the Cash Book, and do not differ from other entries already explained. The same rule governs them—What is received must Dr. be to what is given.

194. What record is kept of Commission Business?

Ans. A Commission Sales Book is usually kept, in which a record is made of all goods that are sold on commission. This book must be arranged to suit the particular kind of business for which it is used; therefore no form will be given in this lesson.

LESSON XXXIX.

(CONTINUED.)

195. What report is made to the Consignor ?

Ans. When the goods are sold, and the consignment closed, an account sales must be rendered to the Consignor, which will embrace a description of the merchandise, and the price obtained. This amount forms the Credit side of the account. The Debits embrace the amounts paid for freight, cartage, insurance, storage, advertising, labor and commission. The balance or net sales will be sent to the Consignor by check, or will be subject to sight draft.

The following entries are usual :

CASH,	Dr. \$350.00	
To G. W. Sanderlin for sale of		} \$350.00
20 Tons Timothy Hay received		
via. Str. Shenandoah from		
Elizabeth City, sold at \$17.50 per Ton,		

Geo. W. Sanderlin,	Dr. \$350.00	
To Cash paid freight,		\$ 50.00
“ Do. paid labor and cartage,		8.00
“ Commission $2\frac{1}{2}$ per cent,		8.75
“ National Bank for check to balance,		283.25

The account sales should be as follows :

Account Sales 20 Tons Hay, sold for
G. W. Sanderlin.

	Cr.	
By sale 20 Tons Hay	@	\$17.50, \$350.00

	Dr.	
To Cash paid freight and cartage,		\$ 58.00
“ Commission $2\frac{1}{2}$ per cent,		8.75
“ Check to balance,		283.25
		<u>\$350.00</u>

LESSON XL.

Review.

1. What is Book-Keeping ?
2. When was this plan of Book-Keeping invented ?
3. Where was the first book on the subject published ?
4. Why is it called the Italian method ?
5. Why is it called Double Entry ?
6. Has there been any change in the general principles governing the subject of Book-Keeping ?
7. Has there been any change in the practice of Book-Keeping, since the first invention ?

Ans. The use of the Journal, as an intermediate book, between the Day Book and Ledger, has been discarded by Book-Keepers generally.

8. Why is it important that every girl and boy in the public schools should be taught Book-Keeping ?

Ans. Because such knowledge promotes habits of Honesty, Economy and Thrift, which are three of the highest virtues of the citizen.

9. Are there any other reasons why every scholar should understand the principles of Book-Keeping ?

Ans. This subject forms an excellent training for the mind; the information obtained will be useful to every man or woman; and it will be invaluable to every one who is engaged in business pursuits of any kind.

10. Why is it that Book-Keeping has not been generally taught in the public schools ?

Ans. Because the Text Books on the subject have not been arranged for such work.

11. Does this book contain any new principles ?

Ans. It does not. The old principles are presented in a plain, clear, and practical shape, easily understood by Teacher and Pupil.

12. What foundation principle is included in every entry made in a set of Double Entry Books ?

13. What rule is given for it ?

14. What rule is given for guidance in making entries in the Daily Journal ?

15. How many parties are embraced in a transaction ?

16. What is an Account ?

17. What is usually received in place of Merchandise ?

LESSON XL.

[CONTINUED.]

18. What is meant by the term Original Entry ?
 19. What points are to be observed in making entries ?
 20. Why is accuracy in entries of such importance ?
 21. Which is the Dr. party ? Which is the Cr. party ?
 22. What rule is given regarding Dr. and Cr. ?
 23. Can an entry contain more than one Dr. or Cr.
 24. What are the names of the Books of original entry ?
 25. What kind of entries are made in the Cash Book, Sales Book, Daily Journal ?
 26. What is the principal book called, and for what purpose is it used ?
 27. Are there any other books used, and by what names are they known ?
 28. What advantage is there in Double Entry.
 29. When commencing business, how should the opening entries be made ? What accounts are debited, and what accounts are credited ?
 30. What is said about Journalizing in Lesson 7 ?
 31. Give a description of the Daily Journal, and for what purpose is it used ?—See Lesson 9 or 10.
 32. Why should the Dr. and Cr. columns of the Daily Journal be added up ?
- Ans.* The Dr. and Cr. columns of the Daily Journal, should be added in order to prove the correctness or equality of the Dr. and Cr. amounts on each page ?
33. Should the totals be carried from page to page ?
- Ans.* The totals should not be carried forward from one page to another in the Daily Journal.
34. What entry is proper when a purchase of Merchandise is made ?
35. What rule governs the Interest Account ?
36. What is meant by the term Bills Receivable ?
37. What is meant by the term Bills Payable ?
38. How is a Ledger folio ruled ?
39. What rule is given regarding posting ?
40. When should an account in the Ledger be balanced ?

LESSON XL.

[CONTINUED.]

Review.

41. When should the year appear in the Ledger ?

Ans. The year should always appear at the head of the column, and at the beginning of each new year.

42. How are partnership accounts kept ?

43. What is the object of the Expense account ?

44. What is the object of the Commission account ?

45. What is the object of the Profit and Loss account ?

46. For what purpose is the Sales Book used ?

47. For what purpose is the Cash Book used ?

48. For what purpose is the Daily Journal used ?

49. For what purpose is the Bills Receivable Book used ?

50. For what purpose is the Bills Payable Book used ?

51. What advantage is there in keeping Bill Books ?

52. What is a Note. A Draft. An Acceptance ?

53. By what names are they known ?

54. What Accounts are used to record Notes, Drafts, &c. ?

55. For what purpose is the Invoice Book used ?

56. What kind of accounts are explained in Lesson 37 ?

57. Explain the difference between a Cash Account and a Family Expense Account, or Treasurer Account.

58. What kind of accounts are explained and illustrated in Lesson 38 ?

59. Explain what is meant by Commission Business ?

60. How are entries made in Commission Business ?

61. What is meant by Bank Account ?

61. How is a Merchant's Account with a Bank kept ?

63. How is a Check written ?

64. Where should the number and amount appear ?

65. On what part of a Check should endorsements be made ?

66. Are there any other auxiliary books ?

Ans. An Order Book in which to record orders for goods, as they are received. A Blotter; in which to record sales that are made during the day. A Want Book, in which to enter goods that are needed in stock.

Various other books, are used, when needed,

LESSON XL.

[CONTINUED.]

The following table is arranged to show the cash sales, credit sales and total sales, during each month of the year, and also the amount of stock on hand, at the close of each month's business :

1885.	Cash Sales.	Credit Sales.	Total Sales.	On hand 31st.				
January,	1 300	1 100	2 400	4 650				
Febu'ry,	1 150	900	2 050	4 550				
March,	1 500	950	2 450	4 800				
April,	1 200	1 400	2 600	4 400				
May,	950	1 100	2 050	4 320				
June,	875	1 050	1 925	4 100				
July,	750	900	1 650	4 200				
August,	800	925	1 725	4 150				
Sept'ber,								
October,								
Nov'ber,								
Dec'ber,								

Perfect and absolute accuracy, of amount of goods on hand is not claimed, but this table shows at a glance the sales for each month in the year, and if the merchant can form a tolerably accurate estimate of his gross profits on the first cost of the goods that were sold during the month, the figures will be sufficiently correct for all practical purposes.

We will start the account on January 1st, with a stock which has cost the merchandise account \$5,000

Purchases made during the month, 1.650

Total to be accounted for, \$6.650

January Cash Sales, \$1.300

" Credit Sales, 1.100

Total Sales, \$2.400

The estimated profit supposed to
be 20 per cent on cost of goods, which }
would be one-sixth of sales, or..... } 400

Cost of goods sold, \$2.000

Which deduct from total stock, 2.000

Amount on hand January 31st, \$4.650

Every merchant should keep a Collection Tickler, which is a monthly list of accounts to be looked after. He should also keep a Pay Tickler, which is a list of all payments that mature during the month.

CONCLUSION.

In concluding these lessons, a few words of advice to the student may be of advantage.

The lessons that have been taught will enable you to keep any ordinary set of books. You must remember that while the principles involved in Book-Keeping never vary, the practice of it can be varied to suit the business.

Your employer may be ignorant of Book-Keeping as you have learned it, and yet he may know more about how to keep a record of his business than you do. Therefore respect his opinions.

Remember that a well instructed Book-Keeper should be able to adapt himself readily to the kind of business that gives him employment. If you can gradually improve your employers mode of keeping books, it is your duty to do so, but you must beware of violent change, if it annoys the owner of the business.

Character is increasing in commercial value every year; without it all other qualifications are valueless. A Book-Keeper should be a man of integrity, correct in his habits, accurate in making entries, and in calculations, methodical and industrious, and a rapid writer. It is important that a Book-Keeper should have a clear head, good judgment, ability to write a good plain hand, and to take the reins of business and manage it during any absence of the proprietor.

The men who come to the front, are the ones who have Energy, Industry, Tact and Judgment. A modern author gives the following list of requisites for a good book-keeper—Character, Capacity, Industry, Accuracy, Economy, Poverty and Silence. The latter requisite is often golden; a Book-Keeper who tells commercial secrets may ruin his employer.

Endeavor to learn as much business law as possible ; study forms of business papers, Letters, Drafts, Notes, Checks, Receipts, &c., &c., and be prepared for enlarged usefulness. Cultivate self-reliance ; endeavor to acquire the ability to judge and decide.

The Book-Keeper who is not accurate will damage, and may ruin his employer. Mistakes must not be made ; a customer never forgets the mistake of a Book-Keeper.

Avoid blots, erasures, and alterations.

If necessary to alter a figure, make it so plain that no question can be raised about the amount.

Never say I forgot—accepted trusts carry with them responsibilities.

Be orderly. It requires no more work to keep your books written up, than to allow them to be a week behind. Arrange your work so as to keep it moving smoothly. Do the proper thing at the proper time.

Your Cash Account will give you trouble unless you remember to enter each Cash transaction as it occurs, and while it is taking place, and before the money passes from your hand. Never defer making an entry. The Book-Keeper who does not keep his cash account in order will soon lose his position.

Cash entries should always fully explain the transaction ; the information may be of great value in the future. Learn to convey the greatest amount of information, in the fewest possible words.

The knowledge of Book-Keeping is often of more value to a young man, as an education for making a business man, than it is for the practice of keeping books.

Present amount of wages is of small consideration ; the prospect for the future is what a young man should work for. Apply your energies in the right direction. Do not fritter away your time, health or money. Do not wait for opportunities ; prepare yourself to make opportunities, and be ready to use them.

Remember that industry, coupled with knowledge and character, produces capacity.

An employer always considers the questions. Is he worthy of advancement? Is he fitted for it? Is he honest? Is his character above reproach? Does he possess capacity?

Young men are carefully watched by business men, and they are often judged by the company that they keep; they are generally taken at their own valuation.

A clerk who has some knowledge of book-keeping, and who has been faithful as an errand boy, will often make a more valuable book-keeper or partner for a firm than the graduate of a commercial college, and he will be more apt to get the position, if he is prepared for it, than will the graduate.

Knowledge is power, and when obtained, should be used as a stepping stone for further improvement; therefore lose no opportunity to increase the stock of information that you now possess. Education has often only commenced when you leave school, and it should be continued every year during life; and he only is an educated man who has learned to use his knowledge in every day life.



